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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

H.R. 2788

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF THE INTERIOR, AND RELATED AGENCIES, FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1990, AND FOR OTHER PURPOSES

Part 2 (Pages 1-1140)

Congressional witnesses
Department of Agriculture
Department of Energy
Department of the Interior
Territorial Affairs

Printed for the use of the Committee on Appropriations

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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

MONDAY, APRIL 3, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room S–128, the Capitol, Hon. Robert C. Byrd (chairman) presiding.

Present: Senators Byrd and Domenici.

DEPARTMENT OF THE INTERIOR

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT [OSMRE]

STATEMENT OF ROBERT H. GENTILE, DIRECTOR

ACCOMPANIED BY:

NANCY C. GARRETT, ACTING DEPUTY DIRECTOR
ANTHONY L. ITTEILAG, DIRECTOR OF BUDGET
BRENT WAHLQUIST, ASSISTANT DIRECTOR PROGRAM POLICY

BUDGET REQUEST

Chairman BYRD. The subcommittee will come to order. This is the time scheduled for the Interior and Related Agencies Subcommittee to review the fiscal year 1990 budget estimates for the Office of Surface Mining Reclamation and Enforcement.

Testifying in support of the request is Mr. Robert Gentile, the Director of the Office of Surface Mining.

The fiscal year 1990 budget request is $254,125,000, which is $41,630,000, or 14 percent, below the fiscal year 1989 appropriated level of ,295,755,000.

Of this total amount, $103,738,000 is requested for the "Regulation and technology" account, and $150,387,000 is requested for the abandoned mine reclamation fund.

Your entire statement will be placed in the record and if you would like to introduce any supporting witnesses who are with you, you may do so. And if you would like to have your statement capsulized here, you may proceed.

Mr. GENTILE. In order to be brief, I will submit my testimony for the record, and I would just like to highlight a few points regarding the Office of Surface Mining for the past year.

[The statement follows:]

STATEMENT OF ROBERT H. GENTILE

I am pleased to appear before you today to discuss the Fiscal Year 1990 budget request for the Office of Surface Mining Reclamation and Enforcement (OSMRE).

As you know, I became Acting Director in March 1988 and was sworn in as Director in November. I have considerable experience with coal issues and regulations, having also served as Liaison for Coal Affairs to the Assistant Secretary for Land and Minerals Management for a year and a half prior to joining OSMRE. I am also familiar with the coal mining industry, based on my former years as a coal miner, owner, and operator.

Since March of 1988, I have focused on an agenda which included analyzing and improving the oversight structure, streamlining the State program amendment process, considering alternative bonding mechanisms, developing nationwide information systems, providing mechanisms for professional and managerial development, and improving debt collection mechanisms. And now, ten months later, I am pleased to note considerable success in addressing these issues.

Specifically, our efforts have resulted in the following accomplishments:

1) To improve OSMRE's administration of the Surface Mining Control and Reclamation Act (SMCRA), nineteen final rules have been published by OSMRE since March 1988. Three of the more significant rules include:

- o Ten Day Notice - strengthens State primacy by establishing a uniform standard by which OSMRE evaluates State responses to Federal notices of possible violations of SMCRA, under which State decisions are upheld unless the State was arbitrary, capricious, or abused its discretion under its State program.
- o Inspection Frequency - defines "abandoned site" and allows State regulatory authorities to reduce the inspection frequency for such sites, thus freeing inspectors to spend more time at active sites.
- o Termination of Jurisdiction - clarifies when regulatory authority may terminate jurisdiction over reclaimed sites.

2) The partnership between OSMRE and the States has been improved through:

- o adopting a new oversight process that recognizes States' accomplishments and stresses technical assistance to resolve remaining issues;
- o decentralizing the review of proposed State amendments to expedite OSMRE's responses to States;
- o completing, for the first time, a reconciliation of prior AML grants by working with the States to resolve long-standing problems;
- o terminating OSMRE's Federal lands permits in several western States where cooperative agreements exist,

thereby delegating full permitting authority to the States;

- o funding archeological resource management projects in Kentucky and Indiana to help resolve issues surrounding those States' processes for consideration of important archeological resources during permitting.

- o establishing a new office in Lexington, Kentucky. The Appalachia Office is responsible for alternative enforcement and for surveillance and detection of illegal mining activities, including two-acre abuse. Established in the fall of 1988, the office is staffed at 75% of the proposed work force and has entered into a cooperative agreement with the State of Kentucky. Additionally, staff are working with the Mine Safety and Health Administration (MSHA) to combine enforcement strategies. Agreements with other state agencies are currently being negotiated. To date, the two-acre enforcement activities have been streamlined to allow for stronger enforcement. One example of this is that in January/February 1989, 34 federal cessation orders were written in Kentucky which exceeds the number of like violations written in Kentucky during the entire previous year. Further achievements are anticipated when the office is fully operational.

3) In order to improve Federal implementation of the Surface Mining Act:

- o OSMRE established an additional office which concentrates on surveillance of and enforcement against illegal mining activities.

- o OSMRE realized its goal of eliminating the accumulation of delinquent civil penalty debt. During the last three years OSMRE waged a campaign to process outstanding debt which had grown to over $180 million. Through Fiscal Year 1988, we collected $11 million and reclassified $137 million in debt. We referred $34 million to the Solicitor for collection action, and the Solicitor has compromised $6 million. We are currently processing any remaining debt.

- o OSMRE has developed a package of state-of-the-art software which provides technical support to States for permitting and other SMCRA activities; by the end of October, we had met our schedule to install work stations in the 17 major coal-mining states, and had ordered equipment for installation in the remaining States early this year.

4) By focusing on human resource issues, OSMRE has accomplished the following:

- o implemented a human resource plan, developed through employee input, which emphasizes training, management and professional development, and upward mobility;

- o strengthened training programs to enhance the managerial skills of existing supervisors, to foster managerial and

supervisory skills among promising non-supervisory personnel, and to provide opportunities to technical and clerical employees to enhance their professional credentials to benefit the agency; thus offering training and development at every level of the agency;

- o entered into an agreement with a group of Historically Black Colleges and Universities to facilitate their development of technical expertise on a variety of mining and reclamation issues, to facilitate the development of mining technology professionals, and to set into motion an interchange that will benefit both OSMRE and the colleges and universities.

OSMRE moves into its second decade in a time in our Nation's history when coal production is at an all time high. And yet, along with this unsurpassed production, we are seeing an improved compliance with the requirements of SMCRA. This is confirmation that ever-increasing production and environmental protection can occur together, consistent with the goals of the new administration.

In fact, President Bush and Secretary Lujan have agreed to a ten point agenda for the Department, recognizing the unique responsibility of Interior as "stewards" of this Nation's natural resources. This stewardship agenda is a commitment to protecting and enhancing the Nation's valuable resources, as well as to proceeding with their sound development. I agree with the Secretary's agenda and will seek to ensure that OSMRE contributes toward this effort.

As proud as I am of OSMRE's accomplishments, I am also well aware that there is much that remains to be done. As we move into our second decade, in light of OSMRE's role as stewards of this Nation's resources, we will emphasize three major areas: 1) responsible leadership; 2) responsible management; and 3) environmental partnership.

In the area of responsible leadership, OSMRE must take the lead in advocating effective environmental standards in mining and reclamation. For the future, OSMRE must dedicate its resources and encourage States and other constituents to dedicate theirs to resolve remaining problems as well as to build on past successes.

One area where OSMRE can show responsible leadership is in the remining of abandoned mine lands with remaining coal reserves. Increasing incentives for remining will encourage reclamation of previously disturbed sites that may otherwise go unreclaimed. Increased reclamation through remining could extend our ability to reclaim abandoned mine lands through a more effective application of Federal funds or other incentives.

We will continue to develop a State oversight policy that provides greater discretionary authority to those States with strong primacy programs. We will also be addressing the problem of bond availability by looking closely at those States that provide optional bonding mechanisms, such as bond pools, to determine if there is sufficient success to warrant promoting such alternative mechanisms in other States.

In the area of responsible management, I will work to strengthen the management of administrative functions within the agency and provide for a more stable environment in which to perform our mandated tasks. This includes continuing to test and update data systems in a number of areas, such as fee collection, applicant and violator records, technical information processing, and OSMRE's Coal Data Management Information System (CDMIS).

Responsible management also calls for appropriate use of human resources which will focus on broadening the adaptation of existing Departmental professional and managerial development opportunities as well as upward mobility programs.

Above all, OSMRE must continue to develop the partnership with the States mandated by SMCRA in carrying out the intent of Congress, and must join with the States in a united effort to marshall all available resources to address problems when and where they occur. This includes improving the technical capabilities of the agency in the areas of training for States, transferring of technical information to States, providing technical assistance for on-the-ground problems, enhancing and making available technical data through the Technical Information Processing System.

As OSMRE enters its second decade, I intend to stress responsible and responsive leadership, management and partnership. These are not independent or isolated objectives. They all come to bear to some extent in managing any program.

Mr. Chairman, to this point I have presented OSMRE's recent progress and plans for the coming years emphasizing responsible leadership, management, and partnership. Now I would like to discuss the specifics of the Fiscal Year 1990 budget.

Our Fiscal Year 1990 budget request is $254.1 million, which represents a decrease of $43.1 million from the 1990 base. Despite the overall decreases, our major programs will remain at their current level of performance. Most of the decrease is attributable to a $31.6 million base reduction in the request for AML State Grants.

The Fiscal Year 1990 request for the Regulation and Technology appropriation is $103.7 million, an increase of $123,000 from the 1990 base.

We propose to maintain the State Regulatory Program Grants, which support the 24 primacy States, at the Fiscal Year 1990 base level of $41.9 million. The Fiscal Year 1989 level included an increase that will be sufficient to continue program operations during Fiscal Year 1990 and will allow the States to carry out their regulatory program activities, including inspection, enforcement, and permitting.

As recommended by Congress, we have made oversight of State inspection and enforcement activities a major priority. We propose that Regulatory Program Operations be funded at $21.9 million, the same level as the base. The request will maintain OSMRE's overall inspection and oversight programs at their current levels.

The Fiscal Year 1990 budget request fully funds the third year of the four year Kentucky Settlement Agreement. The request of

$3.7 million includes a decrease of $653,000 from the 1990 base because many of the original concerns have been addressed. For example, in the last year, we worked with Kentucky to accomplish several ADP efforts and to conduct several phases of the Aerial Observation Program.

The Fiscal Year 1990 budget request for Technical Services, Training and Research is $13 million, a decrease of $519,000 from the base. The proposed funding will allow for a continued program of training, technical assistance, and research. The decrease reflects savings achieved as a result of program decentralization and use of the Technical Information Processing System (TIPS) to streamline the permit application process, resulting in a more efficient program.

The Fiscal Year 1990 budget request for Assessments and Collections is $9.1 million, which includes an increase of $83,000 from the 1990 base. (An increase of $600,000 is requested to allow for additional work on the Applicant Violator System but the increase within this subactivity is partly offset by savings of $517,000 in the area of civil penalty collection through increased automation of the debt collection function and reduction in case backlog.)

The General Administration funding request is shared between two appropriations, and then further divided into three subactivities: Executive Direction, Administrative Support, and General Services. Total funding for the three areas is $19.7 million, an increase of $1.8 million from the base. The largest share of the proposed increase is for further development of the Coal Data Management Information System (CDMIS). OSMRE is continuing analysis to provide greater detail about the design, benefits, and costs of CDMIS prior to the end of FY 1989.

Increased funds are also requested to support General Administration costs in areas such as space rental, and the PAY/PERS payroll system. The increase also includes maintenance costs for the former Bureau of Mines facility in Avondale, Maryland; OSMRE assumed responsibility for the facility beginning in January 1989.

The Abandoned Mine Reclamation (AML) appropriation is proposed at $150.3 million, a decrease of $43.2 million from the 1990 base.

The decrease is proposed due to the availability of unobligated funding awarded to the States in previous years. A substantial amount of prior year funds remains available to the States. The States have improved their capabilities to obligate funds; however, we do not anticipate that their obligation rates will increase enough in the current fiscal year to require additional funding. The Fiscal Year 1990 proposed funding level will supply full administrative support to the States, allow the continuation of ongoing reclamation projects, and provide the resources to plan for future land reclamation projects. At the end of Fiscal Year 1988, $238.2 million of grant funds was unobligated. In addition, approximately $220 million in additional funds will be made available to the States in Fiscal Year 1989. This amount includes the new budget authority approved by Congress and deobligations from expired prior year grants. Given the States' current unobligated balances and their past obligation rates, a higher funding level would create an even greater unobligated balance and would not increase the level of reclamation.

Proposed Fee Compliance funding is $5.7 million, at no change to the base. This level will allow OSMRE to continue to manage the audit program. OSMRE auditors are becoming increasingly proficient; in Fiscal Year 1988 over $8 million of unpaid fees was identified and billed as a result of audits. This amount was more than double the amount identified in Fiscal Year 1987.

The Reclamation Program Operations subactivity is proposed at $17.3 million, with a decrease from the base of $1.7 million. As a result of three Indian tribes qualifying for their own AML grants and a reduced backlog of high priority projects in non-primacy States, the non-emergency program can be reduced without adversely affecting current program operations. We anticipate that the proposed level will be sufficient to fund all emergencies under the program.

We do not request funding for the Rural Abandoned Mine Program (RAMP), which represents a decrease of $12 million from the Fiscal Year 1990 base. This continues the historical policy of relying on the State reclamation grants program as the primary delivery mechanism for reclamation services. The States have responsibility for planning and setting priorities for reclamation projects, and furthermore, they have the capability to manage the various types of reclamation projects, including those carried out under RAMP.

The Fiscal Year 1990 request includes $1.5 million for the Small Operator Assistance Program (SOAP), an effort aimed at assisting eligible small mine operators in the preparation of permit application information. SOAP allows the regulatory authority to pay certain laboratory costs associated with obtaining necessary technical information. In prior years, projected carryover funds were sufficient to maintain the program; by Fiscal Year 1990 the projected carryover will be expended; therefore, budget authority is requested to maintain the program.

Mr. Chairman, I appreciate the opportunity to present our accomplishments and the direction we wish to proceed during the second decade of OSMRE. I believe that the Fiscal Year 1990 budget provides an appropriate funding level to accomplish these goals. This concludes my prepared testimony. I would be pleased to answer any questions at this time.

BIOGRAPHY OF RICHARD H. GENTILE

Robert H. Gentile was appointed Director of the Interior Department's Office of Surface Mining Reclamation and Enforcement (OSMRE) by President Ronald Reagan on November 22, 1988. Mr. Gentile had served as OSMRE's Acting Director since March 20, 1988.

OSMRE administers the Surface Mining Control and Reclamation Act of 1977, which seeks to balance the Nation's need for coal as an essential source of energy with the need to protect the Nation's environment and agricultural productivity. To do that, OSMRE oversees the regulation of current coal mining operations--assuring that coal is mined in a manner that is environmentally sound--and administers the Abandoned Mine Reclamation Fund, helping repair lands that were mined, but left unrestored before the surface mining law was enacted.

Prior to his tenure at OSMRE, Mr. Gentile served for 1 year as Liaison for Coal Affairs to the Interior Department's Assistant Secretary for Land and Minerals Management. In that position, Mr. Gentile coordinated coal policy among all Interior Department agencies, working most closely with the three minerals management agencies--the Bureau of Land Management, the Minerals Management Service, and OSMRE.

From 1982 to 1986, Mr. Gentile was Chief Executive Officer of The Ohio River Collieries Group, a consortium of six companies operating in Belmont, Harrison, and Jefferson Counties, Ohio, involved in coal operations, construction and land development, agriculture, and trucking operations. From 1975 to 1982, he was President of M & G Construction Company, which became part of The Ohio River Collieries Group.

Mr. Gentile was a founding member of the Mining and Reclamation Council (MARC), a national trade association that has since become part of the National Coal Association. He served as Vice Chairman for Technical Services for MARC, and was a member of its Board of Directors. He also served on the Board of the Ohio Coal Energy Association, and was a charter member of the National Coal Council.

From 1970 to 1975, Mr. Gentile was a State Department Foreign Service Officer, holding various positions in Washington, D.C., and overseas. During the final 3 years of that assignment, he was Deputy Director of Operations in Brazil for the Peace Corps, specializing in program development, business management, and long-term planning.

A native of Ohio, Mr. Gentile holds a B.A. in political philosophy from Steubenville Franciscan University and an M.B.A. in international trade and finance from the University of Toledo. He is fluent in five languages.

BIOGRAPHY OF BRENT T. WAHLQUIST

Dr. Wahlquist holds a B.A. degree in Botany from Brigham Young University, 1967; an M.A. degree in Botany from Brigham Young University, 1969; and PH.D. in biology from New Mexico State, 1971.

Prior to his appointment as Assistant Director, Dr. Wahlquist served as Deputy Director, West Virginia Department of Natural Resources (1982-1983). He was responsible for managing the Reclamation Division and Water Resources Division. Dr. Wahlquist has also served as Manager, Environmental Control, with the Carbon Fuel Company, Charleston West Virginia (1978-1982); Environmental Coordinator, Coal Operations, with the Rocky Mountain Energy Company, Denver, Colorado (1977-1978); and various positions with the Environmental System Department of Westinghouse Electric Corporation, Pittsburgh, Pennsylvania (1971-1977).

Mr. GENTILE. I was sworn in as Director at the end of November. We focused on several different issues over the past year. One area of major concern has been bonding. We have recently had a hearing in front of Congressman Rahall on bonding availability and problems associated with bonding, which continues to be a problem in the mining industry.

It is not a problem that the Office of Surface Mining can resolve alone, but rather is also a significant private sector problem right now.

We have also been working quite diligently to reduce some of our bad debt. We have been very successful in that light.

We have been working also quite diligently to streamline some of our processes, especially in regard to State program amendments and our reviews of the State programs.

We also are looking at how we look at the States in oversight.

With that, Mr. Chairman, my statement is submitted for the record and, as we get into these things, if anything is of interest, we will deal with them in terms of answering.

Chairman BYRD. You state in your testimony that it is your intention to provide responsive and responsible leadership, management and partnership, as the Office of Surface Mining enters its second decade of operation.

You have cited as examples in your testimony numerous rules that you have issued, Federal offices that you have opened, and some very extensive computer hardware and software, all of which is designed to enhance the Office's ability to provide effective oversight of the State regulatory programs.

My interest is in the partnership aspect of what you have described as your goals for future OSM activities. My concern is ensuring that the States have adequate resources to conduct their programs.

I am sure you will agree that it is the 24 primacy States that are ultimately responsible for enforcing the Federal standards, reclaiming abandoned mine lands and generally protecting the public health and safety.

According to the Bureau of Mines, the tasks facing the States are immense. Based on the latest inventory of abandoned coal mining lands, BOM estimates that a total of 9,578 high-priority problem areas exist, which will cost $5.8 billion to reclaim.

My State of West Virginia alone accounts for 40 percent of this total and, yet, the Office of Surface Mining persists in its efforts to underfund the State Reclamation Grants Program. Your budget request in fiscal year 1989 for the State Reclamation Grants Program was 19 percent below the fiscal year 1988 enacted level.

Your fiscal year 1990 request for this activity is $150,387,000, which represents a decrease of $42,773,000, or 22 percent below the fiscal year 1989 appropriated level of $193,160,000.

You continue to reduce the funding available for the State Reclamation Grants Program and yet the unappropriated balance in the abandoned mine reclamation fund was $492,000,000 as of the end of fiscal year 1988.

Revenues for this fund are generated by a tax on every ton of coal that is produced. These taxes affect the coal industry's productivity and its ability to compete.

The administration, however, is unwilling to allow these funds to be used for the purposes for which they are collected.

Given the enormity of the problem and the amount of money that the coal industry has already paid toward a solution, how do you justify, Mr. Gentile, your reduced fiscal year 1990 request for the State Reclamation Grants Program?

AML RECLAMATION GRANTS

Mr. GENTILE. Mr. Chairman, going into 1989, we had approximately $240 million in carryover. When you add the $150 million from the 1989 appropriation and the $120 million from the 1990 appropriation, we have available $510 million.

The States have been obligating at the rate of approximately $175 million per year, and going through 1989-90, we project an obligation rate of $175 million. We will still carry over into 1991 approximately $150 to $160 million.

Our request really is based on the States' ability, as it has been in the past, to obligate the carryover, going into 1991, of $150 to $160 million.

We feel that the States will have more than adequate funds to meet their project requests. And it is on that basis that we requested $120 million.

Chairman BYRD. According to your budget justification, as of September 30, 1988, 23.2 percent of the construction funds available to the States was unobligated, down from 30.1 percent of the funds remaining unobligated at the end of fiscal year 1987, and down still further from the 39.5 percent that remained unobligated at the end of fiscal year 1986.

Despite improvements by the States, your budget requests for fiscal years 1988-90 have been 10 percent, 19 percent and 22 percent respectively below appropriated levels.

The more the States improve, the deeper the cut in the State Reclamation Grants Program that you propose.

Would you explain how this conforms with your stated goal of providing a responsible and responsive partnership with the States?

Mr. GENTILE. Mr. Chairman, obligation rates have improved. In the State of West Virginia, for example, they have made some real progress—yet we still continue to have a considerable overall carryover from fiscal year to fiscal year.

As I stated, recent history shows the States obligated $175 million annually, and, with the huge carryovers that we've had from the past, we just feel that there is plenty of money available with the $120 million for this year, given all recent history on States' expenditures, we're still going into 1991 with approximately $150 to $160 million in unobligated carryovers.

AML RECLAMATION GRANTS

Chairman BYRD. Given the fact that section 402(g)(2) of Public Law 95-87, the Surface Mining Control and Reclamation Act, an-

ticipates a maximum of 3 years for the obligation of a construction grant and the fact that as of the end of fiscal year 1988, 16 States had obligated 75 percent or greater of their construction grant funds, what more would you require in order to justify a higher request in the 1990 budget submission?

Mr. GENTILE. We look at the States' request about 18 months ahead of time, when they are projecting what their projects are going to be. And as we look at those projects, and at the history of the obligation rates, we feel that the States are going to have sufficient funds to carryover.

In States with the highest obligation rates, such as Illinois, with an obligation rate of almost 90 percent, we still have a situation where we have significant carryover from State to State.

Some States are better at obligating than others, and some States' contractual systems are better than others.

The States that have the most difficulty in obligating construction grants usually have the most cumbersome contractual systems. But we have not yet seen where the States have been shortfalling on funds in terms of the projects.

Chairman BYRD. The request is based on a snapshot 18 months in advance?

Mr. GENTILE. Yes, sir.

Chairman BYRD. How would today's situation have changed that request?

Mr. GENTILE. It would depend if the obligation rates drastically improved in 1989 and, so far, we are not seeing that. We were looking at, again, about the same thing, about $173 million.

Unless we see the States drastically increasing their expenditures or their obligation rates, the carryovers are considerable. We had a national carryover again in 1988 of $240 million. It was budgeted yet the States just couldn't spend it. They just had not obligated it.

WEST VIRGINIA OBLIGATION RATES

Chairman BYRD. I am informed by Commissioner Dials of the West Virginia Department of Energy that West Virginia has now obligated 80 percent of its construction grant funding. He assures me that West Virginia will obligate all of the $19.9 million allocated to West Virginia for fiscal year 1989, plus $10 million left over from the previous fiscal years; because West Virginia's fiscal year 1989 allocation is $3 million less than requested, seven priority two projects planned for in 1989 would have to be pushed into 1990.

As a result, Commissioner Dials indicates that he will need at least $30 million in fiscal year 1990 to stay on schedule.

How much of that $30 million is West Virginia likely to receive in fiscal year 1990 based on your request?

Mr. GENTILE. I would have to submit the exact figure for the record, Mr. Chairman.

In West Virginia, in 1986, the State obligated 56 percent. In 1987, they obligated 75 percent. In 1988, their obligation rate dropped to 71 percent.

If the State of West Virginia obligates at 100 percent, it would be a welcome first time.

Chairman BYRD. If it what?

Mr. GENTILE. If it obligated at 100 percent, it would be a welcome first time. The highest obligation rate we have ever had that I recall is 89 percent, in the State of Illinois.

Chairman BYRD. We are eight-tenths of the way, 80 percent of its construction grant funding.

Mr. GENTILE. We had a carryover in West Virginia of $43 million in 1988. I know Commissioner Dials is really taking a very hard look at obligation rates and streamlining the contractual process.

And as the States increase their obligation rates, of course, then the carryovers reduce and we would then be requesting more money.

Until the carryover diminishes, however, we don't have a basis for asking for more money.

Chairman BYRD. What is West Virginia going to do? Commissioner Dials indicates they need at least $30 million in fiscal year 1990 to stay on schedule.

Mr. GENTILE. We have no indication that they're going to have a problem with that. We will check that out, most definitely, and see what their obligation rates are during 1989.

[The information follows:]

WEST VIRGINIA AML OBLIGATION RATES—FISCAL YEAR 1988 AND FISCAL YEAR 1989

West Virginia's obligation rate at the end of fiscal year 1988 was 67.4 percent for construction grants and 71.4 percent for all grants.

During the first quarter of fiscal year 1989, the State's obligation rate increased to 74.7 percent for construction and 77.9 percent overall.

West Virginia traditionally receives new fiscal year grants sometime during the last 6 months of the new fiscal year; thus, the first quarter obligation rates do not reflect award of West Virginia's fiscal year 1989 grants.

Chairman BYRD. Say that again, please?

Mr. GENTILE. Yes; I have not talked to Commissioner Dials about 1990. But we will check it out and see how the obligation rates are going. The most recent history in West Virginia, as of a couple of months ago, was that they were not obligating at any rate significantly different than in 1988.

But, since Mr. Dials is new, and I know he has been taking on a lot of interesting projects in the last couple of months, we will check that out and get back to you, Mr. Chairman.

Chairman BYRD. All right. And let me know how much of the $30 million West Virginia is likely to receive in fiscal year 1990 based on your request.

Mr. GENTILE. Yes, sir.

[The information follows:]

ESTIMATED FISCAL YEAR 1990 AML GRANT ALLOCATION—STATE OF WEST VIRGINIA

West Virginia's projected AML reclamation grant for fiscal year 1990 is $15,613,494. This is an estimate based on the following indicators: Baseline data used for the fiscal year 1989 distribution; the fiscal year 1990 total grant request of $120 million; and a minimum program level of $1 million.

STATE OF WEST VIRGINIA

Chairman BYRD. The Rural Abandoned Mine Program is authorized by section 406 of the Surface Mining Control and Reclamation Act of 1977.

You understand that I want to see West Virginia receive everything it needs.

Mr. GENTILE. The State of West Virginia under the RAMP program——

Chairman BYRD. We're going back to the other.

Mr. GENTILE. Absolutely, Mr. Chairman. The State of West Virginia just took over the emergency program last year. We lent to the State two Federal employees under the Inter-Government Personnel Act to help them facilitate both the emergency program and their obligation rate.

So this is not just an interest of Commissioner Dials but also is our interest. That is why we lent them the two individuals to help them facilitate the program.

We also want the State to obligate.

Chairman BYRD. All right. And I want them to get the $30 million, so they can stay on schedule. That's what the royalties have been paid in for. The royalties are there and the operators have done their part. And this affects the coal industry and its future.

When a State like West Virginia is doing a good job; you have to admit that it is. I think they should have whatever their needs require.

Mr. GENTILE. We will look into that and respond to you personally, Mr. Chairman.

RURAL ABANDONED MINE PROGRAM

Chairman BYRD. Now, as to the Rural Abandoned Mine Program [RAMP], the program provides technical grant assistance necessary to address the unique reclamation, conservation and development needs of land owners of rural abandoned lands affected by past coal mining.

Erosion control and improved water quality are among the benefits typically derived from RAMP projects.

Have you eaten any RAMPS?

Mr. GENTILE. Yes; Mr. Chairman.

Chairman BYRD. Do you like them rotten? Cooked?

Mr. GENTILE. I liked them both ways.

Chairman BYRD. Are you married?

Mr. GENTILE. No; I'm single.

Chairman BYRD. I was going to ask if your wife likes to have you around.

Mr. GENTILE. The answer is no.

Chairman BYRD. This is a different kind of RAMP.

Your fiscal year 1990 budget request proposes eliminating funding for the RAMP program. This would involve a reduction of $12,036,000 and the termination of 104 fulltime employees.

Why are you proposing to eliminate the RAMP program?

Mr. GENTILE. It has long been the administration's position that while the RAMP projects are valid projects, it is best to have one delivery system in the State so as not to duplicate the administrative overhead costs.

We have zeroed out the RAMP projects. Last year, knowing Congress' interest in RAMP, we looked at the RAMP program from a little different perspective.

Our Assistant Secretary for Lands and Minerals met with the Assistant Secretary of Agriculture for Natural Resources and the Soil Conservation Service [SCS], and OSM took a look at the RAMP projects.

We did a sample to see if the RAMP projects were meeting the priority one and two criteria. We found, in fact, that they were.

I personally looked at RAMP projects in about six or seven States. We have entered into a training situation to help train SCS in terms of how to identify priorities 1 and 2. The administrative overhead cost for RAMP has dropped considerably, from about 44 percent 3 years ago to about 30 percent in the past year.

So, while we continue to recommend there only be one delivery system for the projects, we are comfortable that the Department of Agriculture is doing a quite acceptable job with RAMP. The projects are good projects, the costs are in the right area, and we are comfortable with that.

RURAL ABANDONED MINE PROGRAM [RAMP]

Chairman BYRD. According to the RAMP fiscal year 1988 annual report, land users in 20 States have made 3,726 program applications involving 96,018 acres of rural abandoned mine lands. This includes 2,539 high-priority sites covering 51,610 acres.

At the end of fiscal year 1988, 1,758 of the sites covering 45,408 acres remain to be contracted.

Are you saying that if AML was the single mechanism in operation that work will be completed? With the elimination of RAMP?

Mr. GENTILE. What has happened, Mr. Chairman, is that the SCS was doing administrative parts of the project and not really getting the projects into the construction phase.

Now, after working with the SCS over the past year, I think that we are in a situation where SCS is ready to spend most of the money that they receive on the ground versus on the administrative side. So we should see considerable more grant money being spent on projects.

Again, the priority 1 or 2 criteria, they are eligible either under RAMP or the abandoned mine lands [AML], depending on the States priorities.

Chairman BYRD. Does the RAMP program address the problems associated with the rural abandoned mine lands?

Mr. GENTILE. The RAMP programs tend to be smaller. They tend to be strictly agricultural. They tend to be erosion and water-related. But, so do many AML projects. It depends on how the States approach them.

Some States in the AML program stress larger projects, but it really varies from State to State, Mr. Chairman.

Chairman BYRD. West Virginia has historically received between $2 to $4 million annually in RAMP assistance. If the RAMP program is eliminated, will this mean that West Virginia will have to take funds from its reclamation grant allocation in order to continue RAMP activities?

Mr. GENTILE. That would be correct, Mr. Chairman. Again, the idea is that there would be one delivery system in that the Com-

missioner of Natural Resources would make the priority calls on reclamation.

Chairman BYRD. So, the need for $30 million which I referred to earlier would be expanded. It would be greater?

Mr. GENTILE. If you look at the RAMP money being allocated to the State of West Virginia, yes, sir.

Chairman BYRD. Would you let me know what that total would be, along with the other, as we discussed previously?

[The information follows:]

ESTIMATED FISCAL YEAR 1990 AML GRANT ALLOCATION—FISCAL YEAR 1989 RAMP ALLOCATION—STATE OF WEST VIRGINIA

West Virginia's projected AML reclamation grant for fiscal year 1990 is $15,613,494. This is an estimate based on the following indicators: baseline data used for the fiscal year 1989 distribution; the fiscal year 1990 total grant request of $120 million; and a minimum program level of $1 million.

OSMRE's fiscal year 1990 request proposes an elimination in funding for RAMP. Zero funding for RAMP would result in a reduction of approximately $1.4 million for on the ground reclamation for the State of West Virginia. This figure is based on the fiscal year 1989 allocation.

INTEREST ON AML FUND

Chairman BYRD. You testified before the subcommittee last year that you intended to propose to OMB that the AML fund be interest-bearing.

What is the status of your proposal?

Mr. GENTILE. We are looking into that. There is considerable interest in this issue. We are working within the administration this year to look at that issue.

Chairman BYRD. How much interest is there? I'm talking about in dollars.

Mr. GENTILE. It is not an interest-bearing account right now. We will be talking within the administration to see if it is a good approach to make it an interest-bearing account.

Chairman BYRD. OSM, in a February 1, 1989 analysis, concluded that had the AML fund been accumulating interest over the last 10 years, a total of $810 million would have been added to the fund.

What is OMB's reaction?

Mr. GENTILE. We have not had an opportunity to talk to OMB in the last couple of months on this issue. That is something that we will be talking to them further on.

Chairman BYRD. Did you propose it to OMB last year following our subcommittee's hearing? You said last year you intended to propose it to OMB.

Mr. GENTILE. I want to check to make sure that we had the same understanding. At the Assistant Secretary's level, there were discussions with OMB. Nothing resulted from that; it is something that we are interested in pursuing this year.

Chairman BYRD. Will you pursue it?

Mr. GENTILE. We will pursue it with the administration, yes, sir.

Chairman BYRD. And will you let the subcommittee know how your negotiations are going? How your discussions are going?

Mr. GENTILE. We will.

Chairman BYRD. What is your intuition as to the reasons that OMB does not want this fund to accumulate interest?

Mr. GENTILE. I'm not sure where the discussions went, Mr. Chairman. I was not a party to that. And I would like to look at that further because there is considerable interest in having the fund bear interest.

Quite honestly, my personal opinion is it makes a fair amount of sense.

Chairman BYRD. What would be the possible objection to it?

Mr. ITTEILAG. I think, Mr. Chairman, it is merely a dollar-and-cents issue.

Chairman BYRD. That's a pretty big issue, $810 million would have accumulated over 10 years.

Mr. ITTEILAG. If the fund were made interest-bearing, this would mean the Treasury would have to offset that by additional borrowing and it becomes, pure and simple, a deficit-reduction issue.

Chairman BYRD. You have all of this money that has been paid in by the coal operators in royalties—what is it? Fifteen cents per ton? Fifteen cents for deep mining, 35 cents for surface.

So, they have paid the royalties. The money is just lying there. Why shouldn't it be earning interest?

INTEREST ON AML FUND

Mr. ITTEILAG. From the standpoint of those who pay the taxes, it would be entirely fair and proper that it draw interest. I think, when one looks at the broader fiscal picture of the Federal Government, then it becomes a question of how to cope with the deficit.

And the choice that has been made up until now is not to have it bear interest.

Chairman BYRD. Would the same rationale apply to the Social Security funds?

Mr. ITTEILAG. The principle is just the same, Mr. Chairman.

Chairman BYRD. But they are not lying dormant, are they?

Mr. ITTEILAG. No, sir.

Chairman BYRD. They are being used.

Mr. ITTEILAG. They are required to be invested in certain kinds of Treasury securities and they draw interest.

Chairman BYRD. Does that create a budget problem?

Mr. ITTEILAG. As a practical matter, it does.

Chairman BYRD. It helps the budget, doesn't it?

Mr. ITTEILAG. It could be said so, Mr. Chairman, but I think the principle amounts to the same thing.

Chairman BYRD. It helps to reduce ostensibly the budget deficit, doesn't it?

Mr. ITTEILAG. To the extent that the trust funds then grow faster than payments, Social Security taxes would not have to rise at all.

Chairman BYRD. And that what?

Mr. ITTEILAG. The Social Security tax wouldn't go up or it wouldn't have to rise as fast.

Chairman BYRD. What about the same being applied here?

Mr. ITTEILAG. It could be.

Chairman BYRD. Perhaps the royalties could be reduced.

Mr. ITTEILAG. That's true. It is a public policy choice.

Chairman BYRD. It's not only a public policy, it becomes a business policy with the coal operators who have to pay these royalties.

If they can reduce the royalties, that lowers the expense of coal. More coal can be sold. More coal can be used. More miners can be employed.

So, I don't think it makes sense at all.

INTEREST ON AML FUND

Mr. ITTEILAG. I cannot disagree with your logic, Mr. Chairman. We would need legislation to do that, Mr. Chairman, even if we reached agreement within the executive branch.

Chairman BYRD. Let's find out if you're going to reach agreement.

Mr. ITTEILAG. We will pursue it.

Chairman BYRD. Does the fact that these funds do not bear interest have a bearing on the obligation of the States?

Mr. GENTILE. I don't think so, Mr. Chairman. The obligation has been strictly, in my experience, a function of the States' low obligation rates.

Chairman BYRD. There seems to be a hesitation to allocate the money. You get the money interest-free. So, why the hesitation to allocate the money back to the States?

Mr. GENTILE. On the part of the States?

Chairman BYRD. What we have just been talking about.

Mr. GENTILE. I don't think there is a hesitancy for us to budget for the money. We find that when the money is budgeted, it often resides for a fair amount of time within the State system before it is spent. That is the biggest problem we have.

For example, the 1988 carryover was $240 million.

Chairman BYRD. We've just been talking about $30 million that West Virginia needs.

Mr. GENTILE. That is a figure, again, that we would check into. That is the first I have heard of that figure, Mr. Chairman.

MINIMUM LEVEL FUNDING

Chairman BYRD. I received a letter dated February 27 signed by 10 of my colleagues who represent five of the seven States that are eligible for a guaranteed minimum level of funding to operate their mine reclamation programs. They are requesting that the $1 million minimum program level provided for in fiscal year 1989 appropriation be doubled to $2 million in fiscal year 1990.

What is your view of the funding required to allow these minimum level States to meet their program requirements?

Mr. GENTILE. Mr. Chairman, I am familiar with the programs. I am personally familiar with the programs in many of the States—Iowa, Kansas, Missouri, Oklahoma, and Arkansas. And I would say that the minimum programs are among the best in the country.

And I would agree that it would be very difficult to run a program without some sort of minimum level.

If you recall, the minimum level program in fiscal year 1988 was $1.5 million and, in the Congress, we reduced the request to $1 million.

This has impact on the larger States. And many of the larger States are not in favor of the minimum program because it eats into their funds.

But I feel strongly about a minimum program. I think the $1.5 million that we looked at was a good level.

AML INVENTORY

Chairman BYRD. I have several other questions, and then I want to yield to Senator Domenici.

I want to check on the abandoned mine inventory. The production of coal is not a sufficient indicator of the reclamation requirements; the statement of managers that accompanied the conference report on the Interior and Related Agencies fiscal year 1989 appropriations bill expressed strong support for using the inventory of high-priority abandoned mine sites in determining the allocation to the States and the Secretary's discretionary share of the abandoned mine reclamation fund.

The statement of managers also, however, expressed concern that the most recent inventory update suffered from changing OSM requirements during the update period and inconsistent implementation of the Office of Surface Mining inventory update guidelines.

As a result, the statement of managers recommended that up to $2 million be used by OSM to conduct a thorough review and revision of the existing inventory with the intent of having a sound inventory available for use in the fiscal year 1990 grant cycle.

AML INVENTORY SCRUB

What is the status of your review of the abandoned mine lands inventory?

Mr. GENTILE. Mr. Chairman, we have completed phase 1 and I will be having a telephone conversation later today with the leaders of the Abandoned Mine Lands Association, to tell them what is in the draft report that is going out for their comments.

We have looked at three areas—high walls, subsidence, and mine fires. We have done the first portion of that investigation. We are finding that there would be some cost-savings attached to changing the criteria a little bit.

We have been talking to committees on the Hill about that. And the draft is now going out to the States, as of last week.

Chairman BYRD. Will a review be completed in time to allow the inventory to be used in the fiscal year 1990 grant cycle?

Mr. GENTILE. Our scheduled completion date is September 30, so I doubt if it will be available before then, other than as the interim information is available and we will make that available to the committee.

Chairman BYRD. Do you agree with the conferees that the inventory should be a critical determinant in allowing the Secretary's discretionary share of the abandoned mine reclamation fund?

Mr. GENTILE. Mr. Chairman, it has been my experience that historical coal production really speaks quite well to the problem, as it occurs across this country. And, again, I will point to the State of Oklahoma, which has approximately $30 million in inventory, yet it is a minimum program State.

I also point to the situation in Pittsburg, KS, where historical coal mining has caused considerable amounts of subsidence in the

town—when we see the inventory, what disturbs me about the inventory personally is that we have spent a fair amount of dollars over the last 10 years developing and refining the inventory and every dollar that we spend, in terms of the inventory, is a dollar that doesn't go in the ground.

And we see States competing in volume for increasing their inventories and that is an expensive effort.

My concern has been the amount of money that has historically gone into the preparation of the inventory. However, the inventory is a valid approach, as is historical production.

Chairman BYRD. From August 1984 through September 1987, the States spent, as you say, $6.1 million to update their inventories.

West Virginia alone spent $957,688 for their inventory update which resulted in West Virginia's share of the total national inventory increasing from 3.9 percent to 40 percent.

A great deal of time and money was expended by all States to, as you have indicated, complete the inventory update. But you haven't said you don't feel it's important.

How do you react?

AML STATES

Mr. GENTILE. Mr. Chairman, $900,000 spent in West Virginia was money well spent in terms of the share of money that comes out of the inventory.

But, in talking to the previous Commissioner, Commissioner Faerber, and to all of the States actually, one of the things I did after the hearing last year was meet with the AML States, and the States have agreed that they see the historical production as the fairest way to allocate the fund.

So my position on historical inventory really is a function of the discussions with the AML States. And all of the States have agreed that it was to their liking; they preferred the historical method.

Chairman BYRD. Did West Virginia?

Mr. GENTILE. Yes, sir; West Virginia seemed to think that every time they get into a contest with the inventory, one State takes the lead for a couple of years, and then another State takes the lead. And they seem to settle down to the fact that historical coal production seems to make the most sense.

And we are supportive of that. They agreed, and we agreed with them.

Chairman BYRD. I am informed that Mr. Dials feels that the inventory is very important and should be a critical determinant in allocating the Secretary's discretionary share of the abandoned mine reclamation funds.

You see, historical coal production is simply an inadequate indicator of the State's needs. I hope that your views regarding the use of the inventory won't temper OSM's review. I expect to be fully informed on the progress of your review.

Mr. GENTILE. Mr. Chairman, when the idea of looking at the inventory came up last year, we discussed that with the States. The States simply had no interest in that process.

And I think that we discussed that with the staff. As a result, OSM had to take on that project independently.

I would say that I don't think the States are too pleased with that. But we are pursuing that diligently and quite fairly.

Chairman BYRD. The States were not too pleased with——

Mr. GENTILE. With our looking at the inventories. We asked them to look at the inventories and they simply said no.

Chairman BYRD. What States said no?

Mr. GENTILE. It was a consensus and a vote at their meetings that they did not want to take part in it.

Chairman BYRD. What was the vote?

Mr. GENTILE. I don't know what the vote was. They don't tell us the numbers. They just come out and say: "We agree that we should not proceed."

Chairman BYRD. So some may not have agreed?

Mr. GENTILE. That's right. As of last year. At my meeting with them in April, the meeting was held in Kentucky, they wanted to use historical production and didn't want to spend any more time on the inventory.

Chairman BYRD. All of them?

Mr. GENTILE. Yes, sir; after we got our appropriations, we went through the exercise, tried to encourage the States to join us or to do it independently.

And we are in the business, quite honestly, because they didn't want to do it. And we are taking the sample across the country, looking at that sample, trying to see from State to State what kind of comparisons we can come up with. But, the criteria are from State to State.

And that's our approach, sir.

WEST VIRGINIA INVENTORY

Chairman BYRD. Will West Virginia's inventory, which has increased from 3.9 to 40 percent, will that have an impact on its share?

Mr. GENTILE. Sir, since we are looking primarily at high walls which represent all of 50 percent of the dollars in the inventory and since the West Virginia inventory is largely based on high walls, I think there would be some impact. And that is what we are in the process of looking at right now.

Chairman BYRD. Would you let me know to what degree there is an impact?

[The information follows:]

IMPACT OF THE AML INVENTORY REVIEW ON THE WEST VIRGINIA INVENTORY

Task I of OSMRE's AML inventory review project has just been completed. The Task I report contains proposed new priority setting and cost estimating criteria for the inventory. The members of the Association of AML Programs are reviewing that report and their comments are due by April 30.

Following receipt of those comments, final criteria will be established and all inventory highwall, mine fire, and subsidence problems will be reviewed and revised based on the final criteria.

Because OSMRE does not yet know what the final criteria will be and also because no State's inventory was examined in detail during Task I, we are unable to estimate the impact of the review on the West Virginia inventory at this time. However, if the review should have a significant impact on the total inventory, it is likely that the West Virginia inventory would also be significantly impacted since West Virginia's inventory contains approximately 66 percent of all dangerous highwall costs and 15.5 percent of all subsidence costs in the total inventory.

Chairman BYRD. Senator Domenici.

Senator DOMENICI. Thank you very much, Mr. Chairman. And, good morning.

Senator McClure asked if we could submit a series of questions in writing, Mr. Chairman. I would like to tender those.

Chairman BYRD. Without objection.

APPLICANT VIOLATOR SYSTEM

Senator DOMENICI. I have just a couple of questions, Mr. Chairman. With reference to the violator system, you requested $600,000. I believe the request is detailed on pages 67 and 70.

This computer system was developed as a result of a lawsuit you had sometime in 1985. It is designed to identify permanent program applicants and those that are subject to penalties.

Some $300,000 of that increase would be used to upgrade systems in Pennsylvania, West Virginia, and Virginia. And that is going to enhance their capability to collect penalties and properly administer this program.

Mr. GENTILE. We're doing an electronic interface with the States similar to what we did with Kentucky in 1989.

Senator DOMENICI. Do other States need such innovation and modernization? Would it be worthwhile trying to upgrade the violator system in all of the States?

Mr. GENTILE. What we did was choose the four States with the greatest activity on AVS and those were Kentucky, West Virginia, Virginia, and Pennsylvania.

And they represent approximately two-thirds of the total activity. And it was felt that the amount of activity in those States is such that an electronic interface would help us.

Many States, given the downturn of the industry, are not permitting at the same rate. And, really, the activity in the AVS is a function of permitting.

So if we can automate those four States, we would be making major strides with the AVS.

Senator DOMENICI. You allude to unpaid debts in your testimony also. Obviously, some significant strides on the positive side of the curve have been made with your initiatives since 1985 on the old debt. The new AVS system will help, since it identifies anybody who has not cleared up their debt.

Mr. GENTILE. The biggest impact of what the debt collection effort and AVS has been is to drive the violators out of the business. The debt that was incurred historically in the late seventies was with operators, basically in central Appalachia, who were not aware that there had been a Federal surface mining law passed.

It took them a couple of years to learn that. In the process, they incurred a fair amount of civil penalties. Those people are no longer in the business, Senator.

AVS, through blocking permits, has been very successful. What we see is the irresponsible operators are not in the business.

DEBT OWED TO OSMRE

Senator DOMENICI. Of the $50 million in, quote, "new debts," how much is over 90 days old?

Mr. GENTILE. Approximately $48 million of the AML accounts receivable is over 90 days past due. As for AML fees, over the past 10 years, OSM has collected $2.2 billion. An additional $50 million is considered bad debt.

Of the $50 million, $26 million has already been referred to the Solicitor; $18 million is in bankruptcy, and $6 million is in process.

So on the AML side we do not have a very significant problem, quite honestly. Historically, our debt problem has been on the civil penalty side.

Senator DOMENICI. You have a schedule that says 6 percent annually is the penalty after 90 days. That is pretty lenient.

Does not OSM charge a fee after the 60 days?

Mr. GENTILE. We're following the Debt Collection Act, in terms of looking at reclassifying the debt. We charge a 6-percent fee.

SALE OF COAL

Senator DOMENICI. Do you have any idea, after coal is mined, how long it takes before the coal is sold by the company?

Mr. GENTILE. That depends on a lot of things. It depends on whether it is a long-term contract or for the market. And in most cases, the shipment is immediate. Most companies do not like to keep much inventory.

What you normally find, when there is a substantial inventory, a company will discount the price to get rid of that inventory.

Senator DOMENICI. So the reason for delay in payment is not logically driven by the delay in selling the inventory?

Mr. GENTILE. No.

Senator DOMENICI. Thank you, Mr. Chairman.

TITLE V FUNDING

Chairman BYRD. On State inventory grants, the 24 coal-producing States with regulatory programs requested a total of $49 million. The request is $7.4 million below that level. West Virginia's request of $4,236,356 was reduced by $634,835 to a level of $3,601,521.

How are the States expected to carry out that regulatory responsibility without sufficient title V funding?

Mr. GENTILE. Mr. Chairman, we feel that we have not seen a problem with the amount of money in the regulatory programs that we work on with the States.

As I mentioned, the industry is in a downturn. The amount of permitting that is going on has decreased considerably. And we have also used other mechanisms to help the States.

For example, in West Virginia, we have in the course of last year given West Virginia two Federal employees in the AML program. We have given them a third Federal employee, one of our expert hydrologists, to work in the hydrology program, and we continue to pay their salaries.

We have further given complete computer systems to the State. We gave West Virginia a system called technical information processing system, which should drastically reduce their permitting time. It is 100 percent funded by OSM. The software package alone is about $30,000.

And we are giving them additional software. So what we have tried to do is look at what their needs are in the regulatory program.

And where we can give them 100-percent funding in certain areas, in technical expertise and training, that's what we do.

ENFORCEMENT IN WEST VIRGINIA

Chairman BYRD. With the technical expertise that you have given them, does that bring them up to the optimum number of enforcement personnel?

Mr. GENTILE. We worked out an agreement with Commissioner Faerber. I went down right after Governor Caperton was sworn in and met with both the Governor and the new Commissioner, George Dials. And we agreed that West Virginia would request an additional 12 personnel in inspection and enforcement and funding would be equally shared between OSM and West Virginia. That was agreed upon.

And we will be funding that as part of our 50-percent share.

Chairman BYRD. The 12 additional personnel?

Mr. GENTILE. Yes; inspectors and supervisors.

Chairman BYRD. The title V program requires that 50-percent match, as you have stated in testimony submitted to the subcommittee in February of this year. The Interstate Mining Compact Commission stated that the $7,382,205 reduction from the State's request, "translates to a reduction in the Federal share of the State's anticipated regulatory costs below the statutory 50-percent level."

Does your fiscal year 1990 request fail to meet the statutory requirement?

Mr. GENTILE. Mr. Chairman, I disagree with the Interstate Mining Compact. The statutory requirement is up to 50 percent. And we are funding the regulatory programs at 50 percent.

What the IMCC failed to recognize in their comments is the great amount of money that we have spent in terms of supplying them with complete computer systems, such as the processing system, such as the AVS computer systems.

We have currently, I think, about 15 Federal employees lent to different States to help them solve problems and work in their own organizations.

And where we have seen problems in the programs we have augmented that with either Federal personnel or 100-percent funding on things such as the computer systems.

From the Federal side, the technical computer system that we have developed is saving us a considerable amount of money and a considerable amount of time. And we anticipate giving the States very favorable responses to that.

They will also be looking at great savings.

So we have been augmenting it by 100-percent funding types of activities.

NATIONAL WILDLIFE FEDERATION LAWSUIT

Chairman BYRD. What is the status of a lawsuit filed by the National Wildlife Federation charging inadequacies in the West Virginia mining and reclamation regulatory program?

Mr. GENTILE. When the environmental groups decided to file a notice of intent to sue, OSM did a very thorough review of that intent to sue. We also, as a result of some comments made, decided to look at some sites.

We rigged a helicopter with some cameras and flew over sites. We wanted to take our own look at the program. When the suit finally came out, we again went through a detailed analysis of the allegations made in that suit.

We see probably half a dozen areas where there may be concern. Those half a dozen areas are really a result of staffing problems.

And, Mr. Chairman, it is my understanding that there is considerable debate regarding the budget and the staffing problems in West Virginia. And we think that has been greatly resolved by, No. 1, the 12 additional staff members that Commissioner Dials has agreed to hire. And also through the Federal employees that we have lent to the State of West Virginia.

So we think that the allegations in the lawsuit are well-taken care of. We do not find major programmatic failures in the State of West Virginia.

Chairman BYRD. So the steps you have taken constitute OSM's response then to the litigation?

Mr. GENTILE. Yes, sir; we have also responded officially in several different ways, but we have looked in detail at all of the allegations.

STATE PROGRAM AMENDMENT PROCESS

Chairman BYRD. The West Virginia Department of Energy has submitted a package of regulatory reforms to the West Virginia Legislature. This regulatory package constitutes a series of amendments to the West Virginia regulatory program, which the Office of Surface Mining must review in order to determine conformance with Federal standards.

What is OSM's process for approving State program amendments?

Mr. GENTILE. The process, Mr. Chairman, is that those amendments are submitted to our regional office in Pittsburgh or Denver, and these offices have the lead in approving or denying those.

But the real process is that the State—for example, West Virginia—would work closely with our field office in Charleston to develop the amendment package. And the package that was most recently talked about being submitted was the one that had been worked on very carefully between our office at Charleston and the Commissioner's Office.

Here, in recent weeks, or the last couple of weeks, there has been considerable controversy over the amendment packages as to whether they had consensus type approval.

And I understand that the Commissioner has agreed to look again at that package with the interested constituents to see if, in fact, there is agreement.

The amendment package that was moving forward, however, was worked out with our office and we were fully knowledgeable of what was going on.

Chairman BYRD. So at what point in the OSM approval process would you say that the West Virginia program amendments have reached?

Mr. GENTILE. They have not submitted that amendment formally because it is under discussion right now in the State of West Virginia again. They were ready to submit that and it seems that some minor furor broke out and they are rethinking that and were trying to get some consensus before they submit it.

Chairman BYRD. M-i-n-e-r, or o-r? M-i-n-o-r?

Mr. GENTILE. e-r and o-r. Both.

Chairman BYRD. Both. [Laughter.]

VALID EXISTING RIGHTS

Chairman BYRD. The Office of Surface Mining published in the Federal Register of December 1988 a proposed rulemaking which attempts to clarify what constitutes violating existing rights to mine privately owned coal in locations where mining is otherwise prohibited by law.

This proposed rulemaking has caused concern in my State based on the fact that the effect of this rulemaking could open national parks, such as the New River Gorge in West Virginia, to private coal mining.

What is the status of this proposed rulemaking?

Mr. GENTILE. It was clear in the proposed rule that both OSM and the Department never intended to allow coal mining in the national parks.

The way SMCRA is written, the law says that mining will be prohibited in these areas unless there are valid preexisting rights.

We have the obligation to define what valid preexisting rights are. We have this proposal on the street. But, along with that is the policy statement of the Department that there will be no mining in the National Parks. So, regardless of what the rule says, there are two different tracks. We have to define valid existing rights as per the act, but we are not going to and we don't intend to allow surface mining in the national parks.

We are right now taking a major look at the New River Gorge. It seems that there are very few national parks with any private coal. The New River Gorge is probably the most significantly impacted, as you well know. That area is traditionally a coal mining area and has some of the best coal in West Virginia. And there's a lot of private ownership there.

And we are trying right now to determine exactly what the ownership is, where it is located and see what kind of impact there might be.

But there will be no mining in the parks.

RECONCILIATION OF AML FUND

Chairman BYRD. The Office of Surface Mining is required to complete a report of the findings of the thorough accounting and recon-

ciliation of the abandoned mine reclamation fund to the Appropriations Committee by May 1 of this year.

The purpose of this accounting and reconciliation is to determine, by State, the source of all contributions to the fund and to identify all fund disbursements by purpose and fiscal year, including a letter of credit grant to the States.

What is the status of the reconciliation report and will it be available by the May 1 deadline?

Mr. GENTILE. No, Mr. Chairman; it will not be. We have been discussing that with the committee. We had basically three activities going on in terms of reconciliation.

The first one was the grant expenditure reconciliation. That was completed in January of this year.

The second phase was the State/Federal share allocation. That has been completed. It is now with the States for concurrence or negotiation. Six of the States have concurred on that.

Phase 3, that you mentioned, is the receipt reconciliation. This is a rather monumental task. It represents the $2.2 billion collected in the AML fund as well as 238,000 transactions.

We are 40 percent complete and we have talked to both committees and said that we will have that complete by August. And that is where it stands.

Our successes with phase 1 have been very good. And the fact that we are about 40 percent complete with phase 3 we are quite pleased with, even though we have a slight delay.

REDUCTION IN INSPECTIONS

Chairman BYRD. In fiscal year 1989, you requested $16,282,000 and 256 FTE's to complete an anticipated workload of 17,619 inspections.

Your fiscal year 1990 budget on page 27 requests $16,320,000 and 265 fulltime employees to complete an estimated 13,740 inspections.

What is the basis for requesting more funding and staffing to complete about 4,000 fewer inspections?

Mr. GENTILE. I would like to submit that for the record. I would like to look at that and submit that if I could, please.

[The information follows:]

PROJECTED REDUCTION IN INSPECTIONS, FISCAL YEAR 1990

OSMRE anticipates a decrease in the number of inspections conducted in Federal Program States in fiscal year 1990. The decrease is almost wholly due to a reduction in inspections of abandoned mine sites.

The recently promulgated Inspection Frequency Rule reduced the frequency OSMRE is required to perform inspections on abandoned mine sites. These inspections are far less productive than other types; therefore, the decrease will allow the inspectors to concentrate on inspection activities that are more likely to secure compliance with SMCRA

The reduction in inspections is not directly comparable to a reduction in resources. Historically, abandoned mine inspections have been less complex and less time consuming than other types. Resouces will be shifted from the less productive, less complex abandoned mine inspections to the more productive, more complex types.

INSPECTIONS IN KENTUCKY

Chairman BYRD. Can you hazard a guess now?

Mr. GENTILE. We have taken on some particular activities in Appalachia regarding wildcat mining, illegal mining activities, and that is an effort that was undertaken by the State of Kentucky recently. We have taken over that program, and the 2-acre effort.

We have also been looking at the illegal mining activities. That is a new effort on our part when we have staff to do that. Some of that change could be represented by that activity.

We also have a new State program in the State of California that would only involve a few inspectors, but it would increase activity because of the travel from our Albuquerque office.

Chairman BYRD. What is wildcat mining?

Mr. GENTILE. Wildcat mining is a term that we use for illegal mining. In the passage of the act, it was determined, let's say, illegal if a miner comes in and gets a permit and doesn't perform. We have lots of clout. But, if someone doesn't get a permit, there is very little we can do about it. It is not a felony under the act to mine without a permit.

So we had problems—especially in the past—in central Appalachia with that. Right now, it is not so much a problem because the price of coal is so far down. With the price of coal as it is in central Appalachia right now at about somewhere around $25 a ton, all of a sudden, it doesn't become too lucrative to mine without a permit. The risks are substantial and the rewards are not very great.

Should, however, the price of coal take a substantive jump, we would anticipate that we would see a lot more illegal activity. And that is why we worked diligently with Congress last year to try to come up with a package that would make illegal mining a felony.

And since we don't have that package, we still have some other activities that we can pursue. We have created a special office to deal with illegal mining. And we are working hand in hand with MSHA and with the different State agencies looking to see if someone fails to report to the Federal Government versus reporting to the State.

And we have been successful. There was a major concern in your area in West Virginia, sir, with people crossing the river from Kentucky and West Virginia, back and forth, and neither agency catching it.

But we have caught a couple of those individuals.

Chairman BYRD. What were they doing?

Mr. GENTILE. They go up, you know, with the tobacco fields, like they go up in the top of the hills somewhere, and when no one is looking, they load the coal up and take it out and sell it somewhere down the river to a processing plant, or wherever.

No sooner than they do that than they jump across the river and do it on the other side of the river.

Chairman BYRD. Are you expecting an increase in coal prices?

Mr. GENTILE. I would not anticipate that in the next couple of years. I would say that probably if the clean coal technology comes on line and if the oil crunch changes, we would see the coal prices increasing. But I would say you're looking at 1992.

Chairman BYRD. If you're not anticipating an increase in coal prices, then why would you be anticipating an increase in wildcatting?

Mr. GENTILE. We would only anticipate——

Chairman BYRD. Which would require an increase in the number of FTE's.

Mr. GENTILE. Only if the price goes up. There's still a fair amount of illegal mining going on. And through tracking records, we can find out that there has been other illegal mining that may not be active right now but there were inappropriately reported tonnage levels. We can go after those individuals.

What we're trying to do is drive out of the industry those people that are responsible for that type of activity.

REDUCTION IN INSPECTIONS

Chairman BYRD. Why do you anticipate 4,000 fewer inspections then?

Mr. GENTILE. Some 4,000 fewer inspections would be a result of the rule that we just passed this year, the abandoned sites rule. There are those sites where mining has been abandoned that still require a certain number of inspections a year.

With this new rule, the State would determine the best frequency for that site, since it may be in temporary abandonment. And that would reduce the amount of inspections. It would especially impact us in the State of Tennessee.

Chairman BYRD. Why would you be asking for almost the same amount of money and additional FTE's with 4,000 fewer inspections?

Mr. GENTILE. I would imagine that the illegal mining initiative would probably impact the FTE's on that side. And, meanwhile, the reductions would be primarily in the State of Tennessee.

OVERSIGHT

Chairman BYRD. On page 4 of your testimony, you state, "We will continue to develop the State oversight policy that provides greater discretionary authority to those States with strong primacy programs."

What do you mean by this statement?

Mr. GENTILE. Mr. Chairman, for about 12 years now, the 10 to 12 years that SMCRA has been operating, we have seen States make significant——

Chairman BYRD. For the record, would you explain the acronym?

Mr. GENTILE. The Surface Mining Control and Reclamation Act. It was passed in 1977. One purpose of the act was to give the States primary regulatory enforcement. In the course of the last 12 years, those programs have come on line and States have made significant strides. Some States have been doing incredible jobs.

One State that comes to mind is North Dakota. We have not found anything wrong in the program at all.

In light of that, and in light of the fact that the States are now doing what we think they should be doing, it is important that our approach to oversight be different now than what it was when the States were neophytes in regulation.

And that is what we are talking about, adapting an oversight approach in line with where the States are today in enforcing their programs.

OVERSIGHT TASK FORCE

Chairman BYRD. Would you summarize the findings of the joint State/OSM oversight task force?

Mr. GENTILE. Back about 18 months ago, we started looking at oversight strictly in our own light. There had been a task force at work that included the States, OSM, the environmental community, and industry.

And after a year of meetings, there was no consensus in that group and the group disbanded. We then decided to take a look at it in its own right.

And then just about a year ago, we asked the States to come into that process. And, basically, what we decided is the best way to approach oversight would be that the oversight be a continuous exercise of identifying problems and identifying ways of solving the problems.

In the past, we have historically identified problems and not really participated in the problem resolution.

So the new approach to oversight is to identify the problem, identify the solution, and work toward that goal. We will be trying a new format for oversight in six prototype States, hopefully, in 1990. Those States will be Pennsylvania, Virginia, Illinois, Alabama, Oklahoma, and Wyoming.

Chairman BYRD. How were those States selected?

Mr. GENTILE. Those States were selected because they represented the primacy States, first of all. And, second, because some of the States had quite sophisticated computer systems on line to facilitate the process.

And those States were very interested in doing that. That is basically how it was done.

It was a joint recommendation from both the States and OSM, but they were not selected by OSM.

Chairman BYRD. To what extent have environmental or industry groups participated in the review?

Mr. GENTILE. For 1 year, there were regular meetings among the States, the environmental community, industry, and OSM to deal with oversight issues.

I had the opportunity to sit through many of those meetings. They got nowhere. It was after it was evident that they were getting nowhere that they disbanded. And at that point in time, OSM decided to take up the best things that came out of that exercise and move forward in our own right. And that's what we did.

We moved forward on that as things progressed, and we then brought the States in. So we have seen a real good working relationship between ourselves and the States. And it is one of the partnership initiatives that I talked about.

OVERSIGHT TASK FORCE

Chairman BYRD. What has been the reaction of the administration to the joint task force?

Mr. GENTILE. There has been no reaction. At this point, the task force is still ongoing. I think they were having another meeting in April. So it is an ongoing exercise.

Chairman BYRD. To what extent do the findings and recommendations of the joint task force involve the regulated, determining how, and to what extent, they are to be regulated?

Mr. GENTILE. They are an active part, sir. The task force is a joint exercise on the part of both OSM and the States. The States have a significant say. It is not something that OSM decided to design and shove down anybody's throat, or vice-versa. It is an actual working partnership.

FEDERAL PROGRAM STATES

Chairman BYRD. Section 504 of SMCRA requires a Federal program be implemented in a coal producing and coal exploration State, which does not submit a regulatory program or fails to have its program approved.

What States currently have federally administered programs?

Mr. GENTILE. I would submit those States for the record, Mr. Chairman. Off the top of my head, the biggest State is Tennessee. We also have Federal programs in the States of Washington, California, Georgia, and North Carolina. Plus, we have some States where there is minor exploration. North Carolina is one of those.

So we will submit it for the record.

[The information follows:]

FEDERAL PROGRAM STATES

California [1]; Georgia; Idaho; Massachusetts; Michigan; North Carolina; Oregon; Rhode Island; South Dakota; Tennessee [1]; and Washington [1].

[1] These States have active mining.

PRIORITY 1 AND PRIORITY 2 PROJECTS

Chairman BYRD. What is the extent of the priority 1 and priority 2 inventories in those States?

Mr. GENTILE. We have been making significant progress in that light, Mr. Chairman. I think that we have very few States left in the list of remaining priority 1 and 2 problems.

When you list all of the States and the tribes other than the Hopi, Navajo, and the Crow, there are only six priority 1 areas left, representing $172,000.

If you look at the priority 2 areas in those same areas, we have 181 priority 2 areas at about $7.8 million. So we have made significant strides in taking care of these priorities in the nonprimacy States.

When you compare that to approximately $5 million in priority 2 areas in primacy and approximately $240,000 priority 1 areas in primacy States, you can see that the nonprimacy States are much less of a problem.

Chairman BYRD. How much are you requesting in 1990 to administer programs in the States and how does this compare with 1988–89 fiscal years?

Mr. GENTILE. We will pull that out and provide it for the record. We were anticipating accomplishing all of the priority 1 areas, and we will make a nice stab at the priority 2 areas.

[The information follows:]

BUDGET REQUEST TO ADMINISTER FEDERAL PROGRAMS

The amount OSMRE requested in the Regulation and Technology Appropriation, exclusive of grants, to support Federal programs is as follows: in fiscal year 1988—$60.5 million; in fiscal year 1989—$59.2 million; and in fiscal year 1990—$61.8 million.

The amount OSMRE requested in the Abandoned Mine Land Appropriation, exclusive of grants, to support Federal programs is as follows: In fiscal year 1988—$35.6 million; in fiscal year 1989—$29.4 million; and in fiscal year 1990—$28.9 million.

Chairman BYRD. Are any of these States likely to seek primacy in the near future?

Mr. GENTILE. I would doubt that, Mr. Chairman. The only State where there is really active mining of any consequence is the State of Tennessee and the incentive simply isn't there.

I have met with coal operators. I met with quite a few operators in Tennessee and coal organizations, and they give me no indication of interest.

We wish they would take the program over, but we don't see that happening.

REPEAL OF 2-ACRE EXEMPTION

Chairman BYRD. Public Law 100–134 repealed the 2-acre exemption contained in the Surface Mining Control and Reclamation Act. What effect has repeal of that provision had on the OSM's program responsibilities?

Mr. GENTILE. We have taken over 2-acre activity in Kentucky. In Virginia, the 2-acre enforcement is virtually complete. As a matter of fact, we have transferred most of our 2-acre inspectors out of Virginia into other areas where we have ongoing activities.

The 2-acre situation is all under control. It was with great relief that OSM saw Congress pass that repeal. We were quite pleased with that.

Chairman BYRD. Why has OSM assumed inspection and enforcement responsibilities relating to the 2-acre sites in Kentucky?

Mr. GENTILE. In Kentucky, we have a joint effort. Basically, it is a followup activity. We had a joint effort going on in Kentucky for quite a while. We had our area office located in Hazard looking at all of the sites.

There are 2,200 2-acre sites remaining in Kentucky. It was part of the overall Kentucky settlement agreement on those negotiations that we ended up taking over the 2-acre effort.

SMALL OPERATOR ASSISTANCE PROGRAM

Chairman BYRD. Your budget for fiscal year 1990 requests $1.5 million for the Small Operator Assistance Program [SOAP]. Your fiscal year 1990 request to OMB was for $4.5 million.

How will this reduction of $3 million affect OSM's ability to provide assistance to small operators?

Mr. GENTILE. We requested to carry on the activities. We've had a carryover and we've been working with Congress, as a matter of fact, to redefine what a small operator is. The $1.5 million is more than adequate for that program.

Chairman BYRD. What is the amount of SOAP awards for fiscal years 1988–89.

Mr. GENTILE. We can submit that for the record.
[The information follows:]

AMOUNT OF SOAP AWARDS

	Fiscal year	
	1988	1989 actual and projected
Illinois	$20,000	[1] $20,000
Indiana	67,000	42,000
Iowa		[1] 50,000
Maryland		25,000
New Mexico	15,000	
Ohio		510,000
Pennsylvania	1,300,000	800,000
Utah	40,000	
Virginia	60,000	20,000
West Virginia	90,000	[1] 125,000
Totals	1,592,000	1,592,000

[1] Projected.

Mr. GENTILE. The reason that we worked so carefully with Congress on the SOAP is that the nature of a small operator in 1989 is different than it was in 1977; when the surface mining law was passed, we defined a small operator as one mining less than 100,000 tons.

Mr. Chairman, there are very few people out there producing less than 100,000 tons. It simply is not economically viable. So, in working with Congress, we have come up with a definition of less than 300,000 tons. And there was activity on that piece of legislation last year, and we will again be looking at that this year.

Chairman BYRD. Is OSM exploring the possibility of a legislative change to revise the definition of a small operator from an operator whose actual attributed coal product does not exceed 100,000 tons per year to one whose actually attributed coal production does not exceed 300,000 tons per year? And how would that affect the SOAP program?

Mr. GENTILE. Mr. Chairman, that is something that we have been working on with several delegations, and we feel that the 300,000 ton definition is more appropriate. It would better meet the intent of Congress when the small operator program was designed.

We have also identified some other areas of technical expense, so to speak, and we may expand the SOAP program.

Chairman BYRD. How would that change the SOAP program?

Mr. GENTILE. It will mean that more companies can access the program both in terms of the types of activities that can be funded by the program and also the shared number of operators.

But the $1.5 million is more than adequate to cover where we are headed right now. Should the legislation change, of course, we would be looking at revising that as appropriate in terms of the amount of operators who could access it.

AML GRANTS AS ORDINARY INCOME

Chairman BYRD. What progress have you made with the IRS regarding a change in their ruling that AML grants should be considered ordinary income?

Mr. GENTILE. I wish we could report more favorably. We have not made much progress. Regarding this particular issue, in Ohio there was a decision of the Cincinnati district, when they decided to take the amount of money that had been expended on a site and classify that as ordinary income.

They were not even talking about the capital gain, but the total amount expended. That particular ruling has not only disturbed us, it has disturbed all of the States and a lot of property owners. Most recently, I was in Indiana with Congressman McCloskey and we were looking at a project in Indiana where we were using civil penalty money to reclaim a site.

And I had received communication from the property owner in question, Mr. Furbach, and he wants assurances from me that the Federal Government, namely, the IRS, will not come in and tax for the amount of money expended.

And I simply cannot tell him that. It is causing some problems; we are worried about it. It is something that I hope will be considered in this Congress in terms of revising the IRS Code.

Chairman BYRD. So the change would require legislation?

Mr. GENTILE. Yes, sir.

Chairman BYRD. If this ruling stands, what effect will it have on State reclamation efforts?

Mr. GENTILE. It depends. If IRS decides that this is rather an anomaly and they're not going to pursue this, it won't have much of an impact. But, if they decide, in fact, to go after this type of expenditure in terms of regular income, they could close down the AML program.

REMINING

Chairman BYRD. What is OSM doing to promote the remining of previously abandoned areas?

Mr. GENTILE. Mr. Chairman, remining has been of particular interest to me. The abandoned mine land fund and the moneys going into that fund will never be enough to reclaim all of the sites that are out there. It just simply won't be.

And the best way to approach that is by reclaiming those abandoned sites through the process of mining. It simply is good public policy to encourage further mining in areas that have already been disturbed versus encouraging mining in virgin areas. And the way our law is currently set up, most operators are very reluctant to go into areas that have already been mined because of the environmental uncertainty.

So we have been working very carefully with Congress to try to come up with some sort of package that would be acceptable that would encourage remining in the process of reclaiming a lot of abandoned mine lands.

Chairman BYRD. What are the potential benefits to be derived from the remining of previously mined areas and what are the primary obstacles that prevent more widespread remining?

Mr. GENTILE. The primary obstacles are, when you are going into an area that has already been mined, you are not sure of the hydrology. You are not sure of toxic materials and over-burden. You're not sure of the acid drainage problem. And you're asking the operator to go in and deal with all of that uncertainty and then say that he is going to be responsible for whatever he finds.

And the operator is more inclined to mine in an area where he knows what he is getting into. The benefits of the remining program would be that, in the course of extracting coal, one would also reclaim all of the surrounding area. Therefore, the area would be reclaimed without tapping the abandoned land mine fund. And it would be free to the Federal Government. That is the benefit.

GAO REPORT ON EMERGENCY PROGRAM

Chairman BYRD. In the fiscal year 1990 justification, on page 110, you stated that:

> Upon notification that an emergency exists, OSM personnel will usually within 48 hours visit the site to verify whether the situation constitutes an emergency as defined by the Surface Mining Control and Reclamation Act.

The GAO, however, in its January 1989 report, stated that:

> OSMRE inspectors visit mine sites within 48 hours after receipt of a complaint about 64 percent of the time.

What is your response to the General Accounting Office's finding on OSM's emergency response time?

Mr. GENTILE. First of all, many of the sites that are in question here are sites that we received complaints on time and time again, and we know what the sites are. Our response in true emergencies, I feel, is very good. We will be responding to the GAO report in mid-April.

My personal experience is that our response time in emergencies, however, has been quite good. There was a point in time where OSM was lacking managers in both the AML division here in Washington and also the one in Pittsburgh. The managers are in place and the emergency response has been very good.

I just had the opportunity to see a mine fire in Pittsburgh last week where our response was immediate. And virtually everything that we have done in that area has been immediate.

Chairman BYRD. You used the word "true emergency."

Mr. GENTILE. Yes, sir.

Chairman BYRD. What do you mean by a true emergency? What is the distinction?

Mr. GENTILE. There are many places where an individual notifies us that there is an emergency situation. We have criteria in place to determine what the emergency is. The true emergency would be a case of imminent harm to health and safety. And that is our criteria, sir.

We would be happy to submit that entire criteria for the record.

[The information follows:]

CRITERIA FOR DEFINING AN EMERGENCY AND DETERMINING AN EMERGENCY EXISTS

As defined in 30 CFR 870.5 an emergency means a sudden danger or impairment that presents a high probability of substantial physical harm to the health, safety,

or general welfare of people before the danger can be abated under normal program operation procedures.

At the preliminary investigation, personnel are dispatched to the problem site. If appropriate, emergency assistance organizations and local authorities are notified of conditions at the site to ensure that immediate protective steps are taken, such as fencing, street closings, etc. A determination is made if local or State/Tribe institutions can and will correct the problem (such as State AML Agency, or State highway department).

A request is made to the State Attorney General or Interior Solicitor's Office for an opinion of eligibility. To be eligible, the following must be determined: (a) problem must be coal mine related; (b) mined area must have been abandoned prior to August 3, 1977; and (c) no continuing reclamation responsibility exists. If a bond has been forfeited but not expended, it must be applied to any work to be done. A commitment from the State/Indian Tribe or the holder of the bond to that effect is required.

If the staff on site determines that the problem "presents a high probability of substantial physical harm to the health, safety, or general welfare of people before the danger can be abated under normal program operation procedures," an appropriate OSMRE official will immediately review and evaluate the complaint investigation report.

An Assistant Director will make the final determination on whether an emergency exists or not. The determination will be based on the Emergency Program Guidelines. If an emergency exists, the final determination will be documented in a briefing paper.

An Assistant Director may authorize the field team to proceed with immediate abatement action. The field team will, as appropriate, prepare a set of detailed written specifications, or request a consulting engineer contractor to prepare specifications, obtain all necessary consents, or exercise non-consensual procedure for entry. Contracts are awarded and abatement work initiated.

The AML Emergency Program Guidelines call for "speedy and efficient abatement of an emergency situation, while leaving the reclamation of the site to the normal grant process." This statement means that once an emergency situation is identified, OSMRE will abate the emergency problem under the Federal Reclamation Program. Any additional non-emergency work that may be required at the site will then be forwarded to the State for their consideration and reclamation under the "normal State grant process."

When a complaint of a potential emergency situation is received, OSMRE dispatches personnel to investigate, usually within 24 hours. Remedial action is taken as quickly as possible to stabilize the emergency situation. However, in many instances, the complexity of the problem and the constraints imposed by the Act require OSMRE to perform extensive geo-technical evaluation and design prior to construction. If OSMRE is able to accomplish these tasks without jeopardizing the health and safety of the involved public, we do so.

TRUE EMERGENCIES

Chairman BYRD. How do you know whether or not it is an emergency or a true emergency until you visit the site?

Mr. GENTILE. We send our people out there as soon as we get the call.

Chairman BYRD. Well, then what about GAO's comment?

Mr. GENTILE. As I said, we will be taking a detailed look at that and responding by mid-April. We don't think we have a problem in that area.

GAO REPORT ON EMERGENCY PROGRAM

Chairman BYRD. You don't think you have a problem?

Mr. GENTILE. No, sir; we think our response in emergencies is quite good.

Chairman BYRD. They don't think so.

Mr. GENTILE. No; I know, sir, that's why we will be looking at that further.

Chairman BYRD. They say 64 percent of the time.

Mr. GENTILE. I don't know that figure, and it is one of the things, as I say, that we'll be dealing with in our response to the GAO.

Chairman BYRD. The GAO further concluded that poor data were available for the average time of receipt of the date of either awarding a construction contract or denying that an emergency exists, emergency situation is about 97 days, with a range from 1 day to more than 28 months.

How do you explain that GAO finding?

Mr. GENTILE. That would depend on the nature of the emergency. It may take more time to determine how to resolve the problem. It may even take a study.

Often, when you have a situation with hydrology or geology, it may take a study in order to determine exactly what the problem is and how to resolve it. We can often drill mine fires for weeks until we find out exactly where the fire is and the direction it is headed.

So it is not unusual to have to do that before we can award a contract for the resolution.

Chairman BYRD. What actions have you taken to implement the GAO's recommendation regarding your response to emergencies?

Mr. GENTILE. Our scheduled date to respond to the report is mid-April. We will report on the GAO recommendations at that time.

Chairman BYRD. How do you determine when a State is capable of assuming emergency project responsibilities?

Mr. GENTILE. Part of that determination would be interest. Many States have not had an interest in taking over the emergency program yet it is something that we encourage. And we feel that the States, first of all, can do it more efficiently than we can in terms of dollars.

And also, since the emergency occurs in their State, they have a better feel for how they can deal with it.

We have been successful over the last 3 years. In 1987, we had four States with emergency programs. Going into 1990, we have seven States.

So it is a real initiative on our part to try to get the States to take over the emergency programs.

Chairman BYRD. Would you identify the States?

Mr. GENTILE. Arkansas, Illinois, Montana, Virginia, West Virginia, Kansas, and Alabama.

PROPOSED RELOCATION TO AVONDALE

Chairman BYRD. Your fiscal year 1990 justification, page 16, includes $136,000 for a full year cost of maintaining the former Bureau of Mines facility in Avondale, MD. Your budget states that the facility is to be renovated and that OSM has been selected to occupy the facility upon completion of the renovation.

What are the estimated costs for renovating the facility?

Mr. GENTILE. Could I turn that over to my acting deputy, Nancy Garrett?

Ms. GARRETT. Mr. Chairman, the amount of funding which Congress has appropriated to GSA is $6.5 million. GSA is in the process right now of doing the preliminary design work for that renova-

tion. Their estimated target for completing that design is now late May. We will not have a really solid figure for what the renovation will cost until the design work has been completed.

Our various discussions with GSA, however, suggest that the $6.5 million will not be sufficient to complete a renovation which provides quality space and would provide all of the services and activities that would be required by OSM at that location.

The $6.5 million, Mr. Chairman, does not include the cost for furniture. It does not include the cost for moving, and other costs associated with a relocation to Avondale, MD.

Chairman BYRD. Do you have an estimate of the cost of moving?

Ms. GARRETT. Mr. Chairman, we estimate that the cost for actually moving us to that location, plus the cost of the furniture that we would need if, in fact, the design is of the modular concept, to be in excess of $2 million. That includes things like shuttle bus service between Avondale and downtown.

It includes such items as our having to still maintain some space in main Interior. It includes such items as additional vehicles that we would need. All of those kinds of items.

I might also suggest, Mr. Chairman, that the $6.5 million does not include the cost for a telephone system. So we probably have to add another $400 to $500,000 to the cost for installation of the telephones that would be required, including the telephone switch.

Chairman BYRD. Will the costs associated with the renovation and the move come out of the OSM budget?

Ms. GARRETT. Mr. Chairman, Public Law 100-440 does require that OSM reimburse GSA for all costs, the $6.5 million. If that is all it is. But, if the renovation costs exceed $6.5 million, OSM would be expected to repay GSA the total amount.

PROPOSED RELOCATION TO AVONDALE

Chairman BYRD. When is the move expected to be completed?

Ms. GARRETT. Mr. Chairman, as I indicated a moment ago, the design work is expected to be completed sometime in late May. The GSA hopes to actually go out on the street with the contract by the end of September of this year. We would be looking at relocation date of the summer of 1991, perhaps June, July, or August 1991.

Chairman BYRD. Will all of the OSM headquarters staff be located in Avondale?

Ms. GARRETT. Yes; the expectation is that all of the employees in Washington, DC would be colocated to Avondale, that is correct.

Chairman BYRD. On page 81 of your fiscal year 1990 justification, you are requesting an increase of $1,347,000 for other services.

What are the components of this increase in contracting?

Ms. GARRETT. Mr. Chairman, I believe you are referring to the total increase for General Services. It is a long list. I can either go through them now or I can provide it for the record.

But, generally, it includes increases for such items as space, workman's compensation, increased costs for the payroll system, those kinds of activities.

[The information follows:]

INCREASE FOR OTHER SERVICES

As shown on page 81 of the fiscal year 1990 OSMRE budget justifications, the request includes a proposed increase of $1,347,000 for "Other Services" in the Regulation and Technology appropriation. This represents the net increase to fund related contracts in three areas: enhancement of the Applicant Violator System (+$600,000); development of the Coal Data Management Information System (+$1,400,000); and implementation of the third year of the Kentucky Settlement Agreement (-$653,000).

Chairman BYRD. It looks like you've done a pretty good job today.

Mr. GENTILE. Thank you, Mr. Chairman.

Chairman BYRD. You came pretty well-prepared, and I would say that for your associate as well.

Ms. GARRETT. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Chairman BYRD. Thank you for your testimony. There may be additional questions submitted for the record. And if you would please respond to those quickly.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

OFFICE OF SURFACE MINING

AML FUND RECONCILIATION

QUESTION: The Surface Mining Control and Reclamation Act of 1977 established the AML Fund. Reclamation fees paid quarterly by all coal mine operators are to be distributed by the Secretary of the Interior. Fifty percent of these fees are to be ultimately returned to the State or Indian tribe in the form of annual grants. The remaining 50 percent is the Secretary's discretionary share and may be spent largely at the discretion of the Secretary.

With the exception of Fiscal Year 1986, grant amounts generally depended on the state's share balance in the AML Fund relative to other states. Because of this, any error made in determining a state's AML Fund share balance affects that particular state as well as all other state allocations.

The General Accounting Office recently studied OSM's Abandoned Mine Land Fund and came to a variety of conclusions and made some recommendations. One of the recommendations made in the GAO report was to reconcile the AML Fund balances. This recommendation was included in the Conference report accompanying the Fiscal Year 1989 Interior Appropriations bill.

What has OSM done about that reconciliation?

ANSWER: The reconciliation project involves a complete reconciliation of the AML Fund, including reconciliation of receipts in the AML Fund and the State and Federal shares of grant awards. The project is comprised of three phases as follows:

PHASE I - Grant Expenditure Reconciliation--This phase consists of a review of grant obligations/deobligations, drawdowns, and expenditures for all grants and cooperative agreements awarded to date. This phase has been completed.

PHASE II - State/Federal Share Allocation--This phase consists of a calculation of the State share balances from Fiscal Years 1978-1988 and a recalculation of the Fiscal Year 1989 grant allocations. This phase is complete up to the point of State concurrence. Concurrence has been received from six States.

PHASE III - Reconciliation of AML receipts is currently in progress. Total reconciliation will involve approximately $2.2 billion. This phase is 40% complete.

The initial deadline which was presented in the Appropriation language was May 1, 1989; however, we have requested an extension to August, 1989.

QUESTION: If the reconciliation is complete, how have past errors been corrected?

ANSWER: Phase II involves concurrences with the States to correct past errors and to reconcile balances.

QUESTION: Another recommendation made by GAO was the need for formal policies and procedures for allocating the AML Fund. What were the policy and procedures used by OSM before the GAO report?

ANSWER: Before the GAO report, federal share funds were allocated according to a formula using 50% AML inventory and 50% historical coal production. State-share allocations were based on State-share balances.

QUESTION: How have they changed since the GAO report?

ANSWER: After the GAO report, federal share funds allocations were based on 100% historical coal production as directed by Congress. The State share allocation process was not changed. OSM has issued policy and procedure directives for the allocation of AML Funds.

QUESTION: There has been an ongoing struggle to change the formula that OSM has used to allocate the Secretary's share. Some states benefit by using historical coal production while others benefit by using the abandoned mine inventory. Since different states used different approaches to the inventory update, many argue it is impractical to use the inventory in its present form for the allocation.

In the Fiscal Year 1989 Interior Appropriations Conference Report, $2.0 million was included to conduct a thorough review and revision of the existing inventory. The Conference Report required that OSM discuss the procedures of the review with the States within 30 days of enactment. The intent of the effort is to have a "sound inventory" for use by the Committee in Fiscal Year 1990. How has this effort been organized?

ANSWER: OSMRE consulted with the AML States during their annual meeting the week of October 10, 1988. At that time, the states declined direct involvement except for limited review. Based upon that meeting, it was apparent that few, if any, States would apply for grants to undertake this project.

Work on the project began with the January 18, 1989 receipt of the reprogramming letter from Congress directing OSMRE to expend $1.5 million of the appropriated funds based upon the plan OSMRE presented to Congress.

The plan addresses three types of projects which comprise 75 percent of the total costs in the inventory -- dangerous highwalls, underground mine fires, and subsidence.

The plan consists of five tasks, two of which require state participation:

-- Draft new criteria;
-- Obtain State comments and develop final criteria;
-- Apply final criteria;
-- Review by States of inventory changes; and
-- Revise AML inventory data base.

On March 30, the draft criteria were distributed to the AML States. The deadline for the States' comment period was April 30; we are presently reviewing the comments.

QUESTION: Will you have something the Subcommittee can utilize in conference in September?

ANSWER: Preliminary data should be available in September; the revised inventory data base will not be completed until September 30.

ABANDONED MINE LANDS INVENTORY

QUESTION: I don't think any formulas used to distribute federal funds to states have ever been both logical and acceptable to everybody involved. Unfortunately, the AML Fund falls into that category. The formulas make sense but a consensus is impossible.

OSM has used a variety of formulas since Fiscal Year 1981. In Fiscal Year 1989, at the direction of Congress, OSM is distributing funds on the basis of historical coal production prior to 1977.

I certainly can't speak for all the states, but I would guess that ranking right below additional funds, states would request stability in the program. Without further direction from Congress, what allocation formula would you use in Fiscal Year 1990?

ANSWER: Unless otherwise directed by Congress, we would continue to use the allocation formula currently in place which uses historical coal production as a basis for allocating discretionary funds. OSMRE believes that a formula based on historic coal production is the fairest way to allocate the Federal share.

STATE OBLIGATION RATES

QUESTION: You have requested a decrease of $31.6 million (-21 percent) for Fiscal Year 1990 in State Reclamation Program Grants (pg. 101). This is in response to the large backlog of funds that has accumulated over the years. According to the justification, the States are essentially obligating the appropriated amount. Since the amount of appropriations which was unobligated at the end of Fiscal Year 1988 is $238 million and the amount becoming available in Fiscal Year 1989 is an additional $220 million, the states can continue their current reclamation schedule for five or six years.

With this backlog, the states have improved their construction grant obligation rate from 45 percent in the Fiscal Year 1981 to Fiscal Year 1985 time frame to 76 percent in the Fiscal Year 1981 through Fiscal Year 1988 time frame.

Even with these improvements, are states obligating as fast as they have the ability?

ANSWER: Although some States appear to have higher obligation rates than others, we have not closely examined each state's ability to obligate. Each State maintains a unique design and procurement process which affects their ability to obligate funds. During Fiscal Years 1987 and 1988, the States obligated $177 million and

$173 million, respectively. We anticipate that the States will continue to obligate at this level during Fiscal Year 1989.

QUESTION: Do you feel a state with a higher obligation rate should be given additional consideration (Ohio has an 85 percent obligation rate and Pennsylvania has a 68 percent obligation rate?)

ANSWER: Although some States appear to have higher obligation rates than others, we have not closely examined each State's ability to obligate funds. It is not possible to make comparisons among the States since each State maintains a unique design and procurement process which affects their ability to obligate funds. Our request for reclamation grant funding is based upon the level of funding available on a national basis. The combination of unobligated funds, carryover, and current year allocations are evaluated to ascertain if sufficient funds are readily available for States to continue the reclamation work already in progress, and to undertake additional projects.

QUESTION: How does the system compensate for higher obligation rates?

ANSWER: The current allocation process does not consider higher obligation rates.

KENTUCKY SETTLEMENT

QUESTION: In 1988, the Commonwealth of Kentucky settled a civil action filed by the National Wildlife Federation. While OSM was not a party to the civil action the settlement agreement required OSM and Kentucky to work together to resolve issues stemming from the civil action and the agreement. OSM and Kentucky signed a Cooperative Agreement in February of 1988 which requires OSM to provide financial and technical assistance to Kentucky.

Fiscal Year 1990 is the third year of the four year agreement. The progress report for the last quarter of Fiscal Year 1988 indicates that of the $3.685 million appropriated in Fiscal Year 1988 for the Kentucky Settlement only $2.722 million was spent.

Is this lapse due to the fact that we appropriate in fiscal years and Kentucky spends in calendar years?

ANSWER: Kentucky's portion of the Kentucky Settlement Agreement is $10,540,000 which is incrementally funded over each fiscal year of the agreement until the agreement ends on January 31, 1991. Of the $3,685,000 appropriated for the agreement in FY 1988, $3,434,000 was awarded to the State of Kentucky and $251,000 was earmarked for OSMRE. Due to the delay in Kentucky's filling positions in the first year of the agreement, Kentucky's expenditures totalled $2,722,000. The State shortfall of $.7 million is still available to them and will be spent during the settlement period. At times, the amount allocated in a fiscal year will exceed anticipated budget needs for the particular incremental period, however, we anticipate that Kentucky will use all of the funds allocated over the four-year period.

QUESTION: Did any money lapse in Fiscal Year 1988?

ANSWER: Of the $3,685,000 appropriated for the agreement in Fiscal Year 1988, $3,434,000 was awarded to the State and $251,000 was earmarked for OSMRE. As a result of OSMRE expending less travel funds than anticipated for steering committee meetings. $2,562 of the federal money lapsed.

QUESTION: Is the agreement being fulfilled?

ANSWER: We feel a good-faith effort is being made by all parties to fulfill the agreement. The Kentucky Natural Resources and Environmental Protection Cabinet/Office of Surface Mining Reclamation and Enforcement Agreement's fifth quarterly report provides specific progress and accomplishment information.

(The report was provided for the Committee files.)

QUESTION: How much of the $4.425 million appropriated in Fiscal Year 1989 do you anticipate spending in Fiscal Year 1989?

ANSWER: We anticipate obligating all the funds in Fiscal Year 1989. As described above, some of the funds allocated to Kentucky will remain unexpended during this fiscal year. We estimate about $600,000 of the total funds allocated to Kentucky to date will not be expended; however, it will be spent over the life of the agreement.

QUESTION: A major part of the Kentucky Settlement is the aerial overflight program requiring all permanent program surface coal mining operations without a Phase II bond release to be overflown and videotaped at a rate of at least 1,800 separate sites per year.

What is the status of the overflight program?

ANSWER: Kentucky agreed to complete 1,800 aerial inspections during each year of the settlement. Kentucky did not begin the aerial overflight program until May, 1988 and accomplished 1,456 inspections in the remaining months of the first year of the settlement. Kentucky anticipates completing 2,144 aerial inspections in the second year, which will compensate for the shortfall in the first year as well as meet the requirement for the second year.

QUESTION: Are your cost estimates for the overflights still accurate?

ANSWER: Yes, our costs estimates for the overflights are still accurate.

WEST VIRGINIA LAWSUIT

QUESTION: Another civil action was recently filed against the State of West Virginia. It alleges the state has failed to perform mandatory duties and correct a breakdown in the enforcement of the approved state mining regulatory program.

Has the State of West Virginia requested that OSM participate in this lawsuit?

ANSWER: No, the State of West Virginia has not requested that OSMRE participate in the lawsuit.

QUESTION: Do you intend to have a role?

ANSWER: We are monitoring the situation closely. OSMRE has analyzed all the allegations raised and has modified the 1989 oversight work plan to ensure that the concerns raised in the lawsuit are addressed.

QUESTION: Is the suit similar to the Kentucky situation?

ANSWER: No. It is our understanding that most of the problems in West Virginia are implementation problems, not programmatic problems. In Kentucky, most problems were the result of disregard for the law on the part of many operators, as evidenced in the wildcatting problems. Kentucky officials recognized these problems and requested OSMRE's assistance. The West Virginia program appeared to have other weaknesses such as staff shortages. In discussing these issues with the new administration, we feel confident that we will be able to develop workable, long term solutions for these and any other problems OSMRE might identify in it oversight process. For example, West Virginia has agreed to hire 12 additional inspectors to boost program effectiveness.

QUESTION: Have you passed on any of the lessons learned in the Kentucky Settlement to West Virginia?

ANSWER: Yes. OSMRE has held discussions with representatives from West Virginia to inform them of the circumstances that led to the current status of Kentucky's program.

QUESTION: Are we in a cycle where groups will move from state to state citing deficiencies until the treasury is dry or SMCRA devastated?

ANSWER: We haven't seen any sort of "cycle" of groups citing deficiencies; however, one of the plaintiffs has indicated his intent to move from state to state citing deficiencies until all state programs are managed according to his satisfaction.

QUESTION: If so, is there any way to stop this trend?

ANSWER: To date, we see no evidence of a trend.

FEDERAL REGULATORY PROGRAMS

QUESTION: You have requested a decrease of $141,000 (-6 percent) in the Technical Advice and Assistance subactivity (pg. 45 and 46). A large part of the proposed decrease is due to efficiencies from the Technical Information Processing System (TIPS). TIPS provides states with access to a wide variety of information on program information and technical information.

Before TIPS was developed, how was technical information disseminated?

ANSWER: TIPS is a computerized system that gives the States the scientific and technical tools to evaluate permitting, and to process AML information and other information related to their oversight responsibilities. TIPS was not designed to directly disseminate information, but rather was designed to assist the States in their scientific and analytical capabilities. Prior to TIPS, the States analyzed scientific data manually according to their individual research capabilities; one of the key elements of TIPS is that it provides the States with a nationally consistent processing system.

QUESTION: Will the remaining ten states without TIPS but with primacy, be installed with TIPS in Fiscal Year 1989?

ANSWER: We are using Fiscal Year 1989 funds to purchase TIPS hardware and software, and we plan to begin TIPS installation as soon as we have completed the procurement process. Yes, we do anticipate that the majority of the States will receive TIPS by the end of this fiscal year.

QUESTION: If not, will the Fiscal Year 1990 budget allow for installation of the remaining States?

ANSWER: Yes, because FY 1989 funds should accommodate the purchase of TIPS hardware and software for any remaining States. If we experience delays in our installation schedule we can certainly complete TIPS installation during FY 1990 with no additional costs. The funding necessary to install TIPS in the States is for the procurement of hardware and software required to configure the TIPS system. These obligations will be made in Fiscal Year 1989.

TECHNICAL STUDIES

QUESTION: You have requested a 10 percent decrease in the Technical Studies subactivity (pg. 45). This program provides OSM with a tool to resolve technical regulatory issues that are national or regional in scope. In addition, the studies promote the development of improved mining and reclamation methods which enhance environmental protection aspects of the regulatory program as well as reduce the burden on the coal mining industry. The justification did not elaborate on the specifics of the decrease.

What makes up this decrease?

ANSWER: The reduction proposed for Technical Studies is $96,000 which would account for the two less FTEs requested. Technical Studies is one of four affected components in this subactivity and all reductions are attributed to the full implementation of the Technical Information Processing System (TIPS).

QUESTION: Is the decrease due to efficiencies as a result of TIPS?

ANSWER: Yes, the decrease is due to efficiencies as a result of TIPS. One example of expected TIPS-related savings in time and efficiency that affect OSMRE staffing levels is in the component of Technical Studies. TIPS data provides for more timely analyses that support Federal and Indian lands regulatory compliance for SMCRA and the National Environmental Protection Act (NEPA). Examples of time savings resulting from use of TIPS are listed below:

Application	Manual Calculation	TIPS Calculation
Water Quality Analysis	80 hours	2 hours
Reclamation Feasibility	480 hours	80 hours
Slope Stability Analysis	40 hours	2 hours

EXPERIMENTAL PRACTICES

QUESTION: An experimental practice is an alternative to a prescribed or accepted method of reclamation (pg. 51). As part of OSM's research restructuring, the use of experimental practices is being emphasized in an effort to demonstrate innovative reclamation technologies.

Can you describe some of the experimental practices used in the past?

ANSWER: Yes. Some experimental practices which have been used in the past include:

- o mixing topsoil using a bucket wheel excavator;
- o zoned embankment disposal of excess spoil;
- o revegetation of slurry pond without four feet of cover;
- o AOC variance to extinguish an off site mine fire by covering it with spoil;
- o retaining a highwall for wildlife habitat;
- o alternative excess spoil handling methods;
- o alternative sediment control technologies and;
- o AOC variance to allow concave slopes.

QUESTION: How have you emphasized experimental practices if the budget request for Fiscal Year 1990 is down 12 percent?

ANSWER: There have been fewer requests for experimental practices. Means of emphasizing experimental practices so that less budgetary resources are needed include:

Streamlining the handling of experimental practices by delegating the authority to approve them to the field, thus ending the requirement for a headquarters review of each practice;

Use of flyers to describe the experimental practice program to create greater public awareness;

Encouraging simultaneous review by the State regulatory authorities and OSMRE to further reduce review time; and

Developing case study summaries of prior experimental practices.

APPLICANT VIOLATOR SYSTEM

QUESTION: You have requested an increase of $600,000 in the Applicant Violator System (AVS) for Fiscal Year 1990 (pages 67 and 70). The AVS computer system was developed as a result of a 1985 U.S. District Court Settlement agreement. It is designed to identify permanent program applicants and permittees, and all

business entities responsible for unabated cessation orders or unpaid civil penalties.

$300,000 of this proposed increase will be used to essentially upgrade the AVS system for Pennsylvania, West Virginia and Virginia. This upgrade will enhance the States ability to implement SMCRA through access to an up-to-date and responsive data base of federal and state violation, civil penalty data and air and water quality violation data. Will all states be receiving the increased AVS capability?

ANSWER: Not in the immediate future. Kentucky is scheduled for automated interface in Fiscal Year 1989. Pennsylvania, Virginia, and West Virginia are scheduled for automated interface in Fiscal Year 1990. These four states constitute two-thirds of all AVS activity.

QUESTION: Is OSM proposing to only pay for the upgrade for Pennsylvania, West Virginia and Virginia?

ANSWER: No, OSMRE also plans to provide an upgrade for Kentucky.

QUESTION: If so, why only those states?

ANSWER: The States of Pennsylvania, West Virginia, Virginia, and Kentucky constitute two-thirds of all AVS activity.

QUESTION: Were they the only states who requested funding?

ANSWER: OSMRE recognized that the upgrading for these States was important and therefore planned the increased AVS capability. The States did not request the upgrade.

QUESTION: What is the cost to pay for all states?

ANSWER: Approximately $380,000

QUESTION: How much of the increase is for West Virginia, Virginia, and Pennsylvania?

ANSWER: Approximately $300,000 for all three states.

PERMIT CONDITIONING RULE

QUESTION: The budget indicates that OSM expects the "permit conditioning rule" to become final during Fiscal Year 1989 (pg. 68). According to this proposed rule, permits will be revoked or suspended for operators shown to be in violation of SMCRA or who have unpaid debts. The rule is designed to work in conjunction with the AVS computer system which identifies violators.

The regulation requires that OSM inform States when the AVS indicates an operator with failure-to-abate cessation orders or unpaid civil penalties has received a permanent program permit. OSM will request that the State suspend or revoke the permit. If the state does not act, OSM is required to begin enforcement action. How long does the rule allow the state before OSM is required to act?

ANSWER: The State has 30 days to respond to an initial notice concerning a potential improvidently issued permit.

QUESTION: What has been the industry's reaction to this proposed rule?

ANSWER: In general, industry has opposed the rule. Many coal operators said SMCRA does not authorize OSMRE to promulgate the provisions of the rule. OSMRE has concluded, however, that SMCRA definitely provides such authority. We also received comments from coal operators who were opposed to the rule's alleged retroactive application. OSMRE disagrees that the rule as adopted is retroactive; in applying the rule, OSMRE will use the review criteria in place at the time the permit was issued. The rule will operate only with respect to violations, penalties and fees that remain outstanding.

QUESTION: If the OSM is forced to act, will the costs of that action be charged to the state?

ANSWER: No, the costs will be covered under OSMRE's regular oversight activities.

QUESTION: What is the incentive for the state to act if OSM begins enforcement?

ANSWER: There is more incentive for the States to go along with this rule before OSMRE begins enforcement. The rule would aid the States in their efforts to prevent the abuse of SMCRA's permitting requirements from occurring in the future and to take appropriate action against permittees who already have or who may yet obtain their permits in violation of SMCRA. Furthermore, in the past, as Congress has appropriated funds to the Abandoned Mine Reclamation Fund, they have stipulated that State reclamation grants shall not be used for any State that has not agreed to participate in the review of permit applications and the withholding of applications if the applicants or their owners or controllers have outstanding SMCRA violations.

UNPAID DEBTS

QUESTION: For the past few years the debt owed to the OSM from unpaid fees has come under considerable scrutiny (pg. 69). Initiatives implemented by OSM since 1985 have been successful in nearly eliminating the existing backlog of "old debt". The new AVS system will help since it identifies anybody who has not cleared up their old record yet wants a new permit.

The Debt Collection Act of 1982 allows the OSM to impose a 6 percent annual penalty on debts more than 90 days past due. If payment is not received in 60 days, OSM determines the amount owed is a debt.

Of the $50 million (pg. 105) of "new debt", how much of this is over 90 days past due?

ANSWER: As of February, 1989, the total AML accounts receivable balance was approximately $48.7 million. Of that amount, about $48.2 million was over 90 days past due.

QUESTION: Six percent annually after 90 days is a fairly lenient repayment schedule. Does OSM charge a fee after 60 days?

ANSWER: Yes, after 60 days, OSMRE imposes an administrative charge of $38.00.

QUESTION: Do companies abuse the grace period?

ANSWER: There is no grace period. If companies fail to pay on time, they are assessed with an interest charge from the date the fee is due. Additionally, if the fee is delinquent more than 90 days, a six percent delinquent penalty is charged.

QUESTION: Do you feel it would help to increase the 6 percent rate?

ANSWER: The Debt Collection Act limits the penalty to six percent. Furthermore, OSMRE experience with AML debt indicates that the reasons for not paying the fees have little to do with the penalty, and consequently increasing the penalty would not greatly impact payment.

QUESTION: After coal is mined, how long does it take before it is sold by the company?

ANSWER: In most instances, coal is mined and sold within three months. In some cases, as in companies with stockpiles, the coal is held for as long as a year.

EXECUTIVE DIRECTION

QUESTION: The Fiscal Year 1990 budget request for Executive Direction in Regulation and Technology requests a decrease of 10 percent (pg. 75). This savings is proposed due to reduced staffing needs resulting from efficiencies in external affairs, public affairs, and correspondence control. You indicate that these savings will be made without a decrease in the services or responsiveness.

These people must not have been very productive since you won't miss them yet they represent ten percent of the Executive Direction function.

Were they not productive?

ANSWER: The External Affairs Office oversight task force has ended, allowing a reduction of one FTE. The correspondence control function has been streamlined over Fiscal Year 1989 and a reduction of two FTEs will be taken in this area. The Public Affairs Office function has improved its efficiency, allowing for a reduction of one FTE.

QUESTION: I do feel OSM has turned the corner on the public perception problem but aren't you jumping the gun with staff reductions?

ANSWER: We do not believe that the staff reductions in this area are premature.

GENERAL SERVICES

QUESTION: You have requested an increase of $715,000 above the Fiscal Year 1989 level (+16 percent) in General Services (page 80). This increase above Fiscal Year 1989 is the Fiscal Year 1990 base level.

Can you explain what makes up such a large base increase?

ANSWER: The adjustments to Fiscal Year 1990 base in General Services are listed below:

GENERAL SERVICES

R and T APPROPRIATION

FTS (Federal Telecommunications System)	+41,000
FFS (Federal Financial System)	+410,000
Avondale facility maintenance	+139,000
Rental Payments	+92,000
Workmen's Compensation	+33,000
TOTAL	+715,000

The General Services activity is also found in the AML appropriation.

AML APPROPRIATION

Rental Payments	+39,000
Departmental Working Capital Fund	+83,000
FTS	+29,000
PAY/PERS	+17,000
FFS	+175,000
TOTAL	+343,000

EMERGENCY PROJECTS

QUESTION: OSM has come a long way in decreasing the amount of funds used for emergency projects. In Fiscal Year 1985, $25.7 million was used for emergency projects and OSM estimates that in Fiscal Year 1989, this will drop to $9.0 millon (pg. 111). New regulations and the decision to award funds for emergencies from a state's share of the Secretary's share of the AML fund are what contributed to this decline.

According to the justification, OSM continues to encourage the States to assume primary responsibility for emergencies. To date, Arkansas, Illinois, Montana, Virginia, Kansas, and West Virginia have assumed responsibility.

What is the incentive for states to pick up this responsibility?

ANSWER: States with emergency program responsibility are being provided with emergency project construction grant funds in addition to their normal grant allocations.

NON-PROGRAM PROJECTS

QUESTION: You have requested a decrease of $1.7 million in Fiscal Year 1990 in high priority (non-emergency) projects on Tribal lands and in non-primacy States. OSM, however still has the responsibility for Priority One and Priority Two projects on Tribal lands and in non-primacy states.

Is there a corresponding $1.7 million increase?

ANSWER: No, OSMRE expects to complete the remaining Priority One projects in non-primacy States by the end of Fiscal Year 1990 as well as make headway on the remaining Priority Two projects. There are only 181 Priority One and Two projects remaining in the non-primacy States and on Tribal lands.

QUESTION: How much was spent in Fiscal Year 1989 on Priority One and Priority Two projects on Tribal land and in non-primacy states?

ANSWER: In Fiscal Year 1989, approximately $1,745,000 will be spent to address Priority One and Priority Two in non-primacy states. In addition, the Crow, Navaho, and Hopi tribes now have AML programs under Title IV and receive grant funds for AML work.

RURAL ABANDONED MINE PROGRAM

QUESTION: The Rural Abandoned Mine Program (RAMP) assists landowners in the reclamation, conservation, and development of rural abandoned lands affected by past coal mining (pg.114). Funds for the program are transferred to the Soil Conservation Service which allocates the funds to State offices where active RAMP contracts exist.

The budget does not request any funds in Fiscal Year 1990 (-$12 million) for this program. Instead, the request reaffirms the Administration's policy to rely on the State reclamation grants program as the primary delivery mechanism for reclamation services.

Is there a reason the amount of funds used for administrative costs has risen from 19 percent in Fiscal Year 1982 to 32 percent in Fiscal Year 1988?

ANSWER: FY 1982 administrative costs are representative of only a portion of the fiscal year. FY 1982 was the first year of the RAMP; funds were provided to the Soil Conservation Service (SCS) in September, the last month of the fiscal year, allowing SCS only a few weeks to obligate the funds. During the year, most administrative costs were charged to SCS program areas instead of RAMP; therefore the RAMP administrative costs were very low (19%). In Fiscal Year 1983, when the RAMP funding was limited to the amount necessary to close the program, the administrative costs comprised 99% of the RAMP. RAMP was reinstated in Fiscal Year 1984; since that time administrative costs have ranged from 32% to 44% of the total program costs.

SMALL OPERATOR ASSISTANCE PROGRAM

QUESTION: The Small Operator Assistance Program (SOAP) provides regulatory authority with the means to assist eligible small

operators in paying certain costs associated with obtaining hydrological/geologic information necessary to prepare coal mining permit applications.

In Fiscal Year 1989, projected carryover and recoveries were used to fund the (SOAP). OSM anticipate that these funds will be exhausted by Fiscal Year 1990 and an additional $1.5 million has been requested for the program.

QUESTION: How much was carried over into Fiscal Year 1988?

ANSWER: $2,385,137 was carried over into Fiscal Year 1988.

QUESTION: How much was spent in Fiscal Year 1988?

ANSWER: In Fiscal Year 1988, $1,416,567 in SOAP funds were expended.

QUESTION: How much was carried over into Fiscal Year 1989?

ANSWER: $968,570 was carried forward to Fiscal Year 1989.

QUESTION: How much do you anticipate spending in Fiscal Year 1989?

ANSWER: We anticipate spending $968,570, the total amount carried over to Fiscal Year 1989.

AML RESEARCH

QUESTION: In Fiscal Year 1987, the Abandoned Mine Land Reclamation Research Program was transferred from OSM to the Bureau. The Bureau does research to solve technical problems related to the reclamation of the nation's abandoned coal mined lands.

The research projects are selected by a Review Panel composed of nine members, five of which are from outside the Bureau.

Do you feel you have adequate input into the types of research being done?

ANSWER: Yes, we feel we have adequate input into the type of research being done under the recently implemented selection and evaluation process.

QUESTION: How would you assess the quality of the research?

ANSWER: No projects funded under this transfer have been completed to date, therefore we cannot assess the quality of the research.

HEADQUARTERS RELOCATION

QUESTION: What is the status of your headquarters relocation?

ANSWER: The General Services Administration (GSA) is in the process of finalizing the design plans for the renovation/rehabilitation of the Avondale facility. The amount of money appropriated to date for the Avondale rehabilitation is $6.5 million.

The GSA plans to let the contract as soon as OSMRE concurs with the proposed design. GSA and OSMRE are still negotiating the design. A contract award is expected to occur at the end of this fiscal year. GSA expects the work to take about fifteen months from the date of contract award; we anticipate completion by mid-1991. The legislation mandates that the Interior bureau designated to move to Avondale will move no later than 90 days after the work is completed.

OSMRE's current budget does not contain any funds for the repayment of the $6.5 million allocated to GSA for Avondale. Based on a Memorandum of Understanding between the Department of the Interior and GSA, OSMRE will have to begin repayment of the entire cost of the Avondale rehabilitation beginning after Fiscal Year 1989. If OSMRE is held to this, we will have to request additional funds in FY 1990 to repay GSA.

OFFICE OF THE SECRETARY

STATEMENT OF RICK VENTURA, ASSISTANT SECRETARY, POLICY, BUDGET, AND ADMINISTRATION

PREPARED STATEMENT

Chairman BYRD. And we will now turn to the Office of the Secretary.

Testifying for the Office of the Secretary's Budget is the Assistant Secretary for Policy, Budget and Administration, Mr. Rick Ventura.

The fiscal year 1990 budget request for the Office of the Secretary is $55,041,000, an increase $4,174,000 or 8.2 percent over the fiscal year 1989 appropriation.

Now, you may proceed in any way you wish. You may introduce your associates if you like and then summarize your statement, if you would.

Mr. VENTURA. Thank you, Mr. Chairman. I have with me this morning Mr. Tony Itteilag, Director, Office of Budget of the Department of Interior; and Mr. Marvin Whitehead, Budget Director for the Office of the Secretary.

For the sake of brevity I would like to consolidate my written statement.

[The statement follows:]

STATEMENT OF RICK VENTURA

Thank you for the opportunity to appear before you today in support of the FY 1990 Budget for the Office of the Secretary in the Department of the Interior. Before presenting the highlights of the FY 1990 budget, I would like to express our appreciation for the Committee's actions regarding our FY 1989 appropriation, including the increase of the limitation on consultant services from $300,000 to $500,000 as authorized by 5 U.S.C. 3109. We are, of course, monitoring consultant services closely to avoid any unnecessary expenditures.

Consistent with the President's affirmation of stewardship as a top priority of his administration the Department is dedicated to the preservation, conservation, and environmentally responsible development of America's natural resources. To enable the Secretary to carry out the stewardship goals the Department is requesting appropriations totalling $55,041,000, including $52,741,000 for Salaries and Expenses and $2,300,000 for the Office of Construction Management. These funds will provide executive direction, coordinated policy development and oversight in line with current Administration initiatives and Congressional direction to enable efficient leadership, management and operation of Departmental activities.

The Salaries and Expenses request represents just over one percent of the Interior appropriations which come before the subcommittee. When based on 1981 dollars the total amount requested is actually 8.1 percent less than the amount appropriated in 1981. This reduction holds true even in light of pay raises and increased administrative costs.

Salaries and Expenses

I would like to explain the changes we have proposed for the FY 1990 budget.

The Department requests an increase of $3,674,000 and 18 workyears from the 1989 appropriated levels to finance executive direction and management of the Department's activities, and to carry out the responsibilities of this Cabinet level office. Of the $3,674,000 increase, $1,375,000 is for program increases with the balance of $2,299,000 for base adjustments. The changes are detailed as follows:

Program Increases ($1,375,000)

+$175,000 and four workyears reflect the transfer of responsibility from the Office of the Inspector General for negotiating indirect cost rates with contractors and grant recipients;

+$150,000 and three workyears for improvement of our aviation safety efforts through field reviews and operational safety studies of DOI aircraft users and to provide a more ambitious accident prevention effort within the Department. This will include expanded information collection, dissemination and analysis, and increased emphasis on accident prevention techniques and procedures through a more aggressive education program;

+$300,000 and four workyears for direction and oversight of hazardous materials management to assure that the Department's hazardous waste sites are treated consistently in accordance with the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act regulations and that Departmental priorities are established and addressed, and to provide coordinated technical expertise to the Department's bureaus;

+$600,000 and six workyears to establish a broad-based, substantive review process of regulations issued by the Department to weigh the costs, budgetary consequences, and policy implications of proposed rulemakings. This will allow for more objective Secretarial review and decisionmaking on rulemaking activities within Interior before they are discussed outside the Department;

+$100,000 and one workyear to meet increased requirements for management of the Payroll/Personnel (PAY/PERS) system; and

+$50,000 to perform necessary functions relating to Departmental finance systems.

Base Adjustments ($2,299,000)

The base adjustments include increases for the January 1989 pay raise, FERS Retirement System costs, Working Capital Fund expenses, Workers' Compensation, and other such items.

Construction Management

This appropriation provides for the expenses of the Office of Construction Management (OCM) to assist in the planning, construction and operation and maintenance of facilities. Resources requested for this activity total $2,300,000 and 18 workyears, an increase of $500,000 from the 1989 appropriated level. The increase is requested for beginning a location-by-location needs assessment of housing furnished to employees by the Department. The Department currently provides over 10,000 units of employee housing including 4,900 by the National Park Service, 4,500 by the Bureau of Indian Affairs (BIA), and 680 by the Fish and Wildlife Service.

Ensuring that adequate, location-by-location needs assessments are performed is important. Some employee housing is in a deteriorated condition and will be expensive to rehabilitate. The Department must be sure the housing is needed before the repairs are budgeted and paid for. In addition, to ensure fairness to all DOI employees across bureaus, it is essential that housing needs assessments be performed at the Departmental level, according to standardized criteria.

The Office of Construction Management has been implementing management procedures required to meet the objectives outlined in the Special Report on the Bureau of Indian Affairs Facilities Management Program. dated June 1987, submitted by the Secretary to the Congressional Appropriations Committees.

Since then, progress reports which clearly show the progress

being made have been submitted to the Committee on a quarterly basis in our efforts to meet the objectives contained in the Special Report. We intend to continue to work toward the stated objectives with equal dedication as in the preceding Administration. The Office of Construction Management will continue to manage the policy and administrative/operational procedures of the BIA Facility Management program with the full cooperation of the Bureau of Indian Affairs.

Progress continues to be made toward meeting the five major objectives established by the House and Senate Appropriations Committees for improvements in the BIA facilities program. An additional activity, which is contributing to improvements in the BIA program, is the emphasis on training for managers and supervisors begun by OCM. Another new initiative provides funding for facilities improvements that can show savings in operating costs in future years. It is planned that a portion of these savings will be made available to those facilities achieving savings, for additional improvements which reduce our repair backlog.

We also plan to begin under contract an environmental assessment of government-owned BIA facilities, with concentration on water supply/waste water treatment plants.

This assessment will require two years and will result in a cataloging and priority ordering of corrective actions. This effort will assist in efforts to transfer viable utility systems to Tribal or other entities to operate. To become economically viable for transfer, the systems must meet current standards, and these assessments will provide the required information.

Preservation of the Main Interior Building

The base budget includes $600,000 to continue the program of preservation and maintenance of the historic Main Interior Building begun in 1989. GSA's Historic Structures Report, completed in 1988, outlined numerous recommandations necessary to maintain and restore the historic fabric of the Interior Building. With funding made available by the Committees for FY 1989 we have begun to address the most serious items. Projects under design or in procurement for accomplishment this fiscal year include:

- Cleaning and repointing all interior marble walls;
- Installation of protective railings in front of each mural;
- Restoration of two bronze statues in the patio adjacent to the cafeteria;
- Cleaning and restoration of all woodwork in the 5th and 6th floor spaces;
- Restoration of conference rooms 7000A and B (formerly the Art Gallery); and
- Cleaning and refinishing all interior and exterior metal work (entrance doors, railings, elevator doors, grillwork, etc.).

Last year when we testified before this Committee we made particular mention of the need to restore our murals and our intent to do so with the requested funds. Originally, as early as FY 1986, GSA initiated a project to restore the artwork (murals and sculptures) in the Main Interior Building.

When nothing had been accomplished by December, 1988, we included funds in our FY 1989 budget request to restore the murals as well as other projects. When we asked that GSA provide us with the scope and specifications for the restoration project so that we could proceed to procure a conservator, we were notified by GSA that the murals were GSA's responsibility.

Consequently, GSA has assumed responsibility for mural restoration and is hiring a conservator to determine the most appropriate method of repair. Upon completion of the conservator's report, GSA will then select a restoration specialist to perform the work. We are working closely with GSA on this project.

With the continuing support of the Congress, we would like to accomplish the following restoration projects in FY 1990:

- Restore lobby ceilings and repair damaged ornamental plaster in corridor ceilings;
- Repoint exterior limestone and granite walls where deteriorated;
- Replicate original lobby lighting fixtures and repair ornamental clocks;
- Restore museum display cases and clean and restore library and auditorium woodwork;
- Repair exterior lighting and replace interior signage in keeping with historic preservation guidelines; and
- Install a new handicapped access ramp in keeping with historic preservation guidelines.

Transfer of Indirect Cost Rate Negotiations

The budget request includes an additional $175,000 and four workyears to transfer the responsibility for negotiating indirect cost rates from the Office of the Inspector General (OIG) to the Office of the Secretary. Our staff is currently holding meetings with Tribal leaders and other concerned parties to confer about this transfer. Other detailed preparations are underway including development of an organizational structure and hiring a manager to direct this function. We are working closely with the OIG to effect a smooth transfer of this function.

Management Improvements

The Department is continuing its efforts towards management improvement. We have made much progress through our productivity improvemant program and have realized progress

in the development of our Federal Financial System (FFS) and Payroll/Personnel System (PAY/PERS) initiatives. Also, savings or cost avoidances have occurred in the areas of unemployment compensation, workers' compensation, cash management, and overtime usage.

Administrative Provisions

Appropriation language is requested to provide authorization for the acquisition of eleven airraft, seven of which shall be for replacement, for the Office of Aircraft Services (OAS) fleet. As part of the budget process, each year OAS reviews records and estimates of how many aircraft will need to be replaced or new additional aircraft purchased. This estimate provides for general replacement of older aircraft and some contingency in case of destruction of existing aircraft. We will be notifying the Committee 30 days before the acquisition of any additional aircraft as set forth in House Report 100-713.

Conclusion

This concludes my opening statement, Mr. Chairman. I appreciate the opportunity to discuss these matters with you. I will be pleased to answer any questions the Committee may have with regard to this request.

FISCAL YEAR 1990 BUDGET REQUEST

Mr. VENTURA. As you noted, the request is $55,041,000, including $52,741,000 for salaries and expenses and $2,300,000 for the Office of Construction Management. The salaries and expenses request represents just over 1 percent of the Interior appropriations which come before the subcommittee. When based on 1981 dollars, the amount requested is actually 8.1 percent less than the amount appropriated in 1981. This holds true even in light of the pay raises and increased administrative costs.

The Department requests for salaries and expenses, an increase of $3,674,000 from 1989 appropriation levels, to carry out the responsibilities of this Cabinet level office and manage the Department's activities.

Of this increase, $1,375,000 is for program increases, with the balance of $2,229,000 for base adjustments.

The program increases include $150,000 and 3 work-years for improvement of our aviation safety efforts to provide a more ambitious accident-prevention effort within the Department; $300,000 and 4 work-years for direction and oversight of hazardous materials management; $600,000 and 6 work-years to establish a broad-base substantive review process of regulations issued by the Department to weigh the costs, budgetary consequences and policy implications of proposed rulemakings; and $100,000 and 1 work-year to meet the increased requirements for management of the payroll/personnel system.

The budget also includes funds to continue the program of preservation and maintenance of the historic Main Interior Building begun in 1989.

This concludes my opening remarks, Mr. Chairman.

RESTORATION OF MAIN INTERIOR BUILDING

Chairman BYRD. You referred to the main Interior Building. The Congress appropriated $600,000 to begin a long-term restoration program. And I understand the building is on the National Register of Historic Places, a listing which is maintained by the National Park Service.

Would you describe for the subcommittee some of the historic features of the building which led to its being listed on the National Register?

Mr. VENTURA. We will be pleased to provide for the record a book published by the National Park Service in 1986 describing the historic nature of the main Interior Building. I will highlight a few of the significant aspects of the building. The architecture of the building itself, I believe, is unique.

Much of the marble work is significant. Perhaps—I feel somewhat awkward discussing architectural merit in this magnificent room—perhaps the most significant aspect of the Interior Building is the murals which are in need of restoration.

Chairman BYRD. This was originally the military affairs room. Jefferson Davis was chairman of the committee.

Mr. VENTURA. It is a beautiful room.

Chairman BYRD. It became a part of the appropriations suite in 1911, as did that room in there, which, in the 1850's, was assigned to Navy affairs. And the third room was assigned to the Committee on Indian Affairs.

Mr. VENTURA. Personally speaking, I am pleased to see restoration. It would be a travesty and a tragedy not to see buildings of this nature maintained and restored.

Chairman BYRD. Can you tell the subcommittee specifically how you would spend the $600,000?

BUILDING RESTORATION PLANS

Mr. VENTURA. In 1989 we will begin with a restoration of two bronze statues in the patio adjacent to the cafeteria, a total of $3,500, and we will begin the cleaning and restoration of all woodwork in the fifth and sixth floor spaces for approximately $35,000.

We will also begin cleaning and repointing all interior marble walls at a cost of $100,000, we will install protective railings in front of the murals, which I have mentioned, for a cost of $20,000, and we will begin restoration of conference rooms 7000A and 7000B, formerly our art gallery, for approximately $100,000. We have begun preliminary designs for museum renovation and display restoration for $55,000. And we will clean and refinish all interior and exterior metal work on the entrance doors, railings, elevator doors, grill work, et cetera, for a cost of $330,000.

Additionally, we are working closely with GSA who has assumed responsibility for restoration of the murals.

Chairman BYRD. Is any of the $600,000 being used for administrative type expenses?

Mr. VENTURA. Not to my knowledge, no.

Chairman BYRD. The answer is none.

Chairman BYRD. Please provide for the record the list of the contracts of the projects to be completed and the contract amounts for each.

And I note from your statement that the $600,000 is being continued in fiscal year 1990. And I quote from page 63 of the Senate Committee Report for fiscal year 1989 regarding this preservation work.

If requests are made in future fiscal years, a detailed description of work to be performed should be provided in the budget justification.

Where would I find such a description in the fiscal year 1990 budget justification?

Mr. VENTURA. We would be pleased to provide that for the record, Senator.

Chairman BYRD. Why wasn't this information included in the justification material?

Mr. ITTEILAG. At the time we put the budget together, we simply didn't have that detailed of a plan available. And so it wasn't possible to submit it. We decided we would include it in this opening statement in the same sort of detail, so that the committee would have an opportunity to review it.

Chairman BYRD. So, when will we have it?

Mr. ITTEILAG. We have included it as part of the opening statement. And if you so desire, we can put additional information in the record on the projects.

Chairman BYRD. How did you arrive at the figure of $600,000 if you didn't have the justification?

Mr. ITTEILAG. The list of things that need to be done, ought to be done, greatly exceeds $600,000. We thought it was appropriate to continue at this level at a minimum because we knew that we had a need very much in excess of that.

Chairman BYRD. You need to provide the justification before we act on this.

Mr. ITTEILAG. We will provide sufficient information in the record, Mr. Chairman.

Chairman BYRD. Whenever the Senate committee's report requests the information, it is a pretty good idea to have it.

Mr. ITTEILAG. I would agree with that.

Chairman BYRD. You were told that well in advance, weren't you?

Mr. ITTEILAG. Yes, sir.

Chairman BYRD. Please provide to the subcommittee as soon as possible a list of projects, together with dollar amounts, for each that would be accomplished in fiscal year 1990.

Mr. VENTURA. We will, Senator.

[The information follows:]

MAIN INTERIOR BUILDING
FY 1990 RESTORATION PLANS

Restore the painted lobby ceilings and repair damaged ornamental plaster in corridor ceilings ($40,000) - Over the years, the lobby and vestibule ceilings have lost their intended design and color through misguided repaintings. Based on the Historic Structure Report's paint analysis and recommendations we will restore the ceilings to their appropriate configuration. Decorative hard plaster moldings and coves in the corridor ceilings have been broken and damaged in several locations. These will be repaired to match the original profiles.

Repair exterior lighting and replace interior signage in keeping with historic preservation guidelines ($140,000) - Recognizing the unique nature of the facade of the Interior Building the General Services Administration installed perimeter lighting in the 1970's that allowed the building structure to be illuminated at night. Since the system was installed, numerous individual fixtures have broken, rusted or shorted out leaving the building in a patchwork of light and shadow. Repair will involve replacing some fixtures, ballasts and wiring as necessary. The current interior signage is a hodge-podge of different types that have been installed over the last fifty years. This project would determine a building standard that meets the historic guidelines and then replace all non-conforming signs.

Rejoint exterior limestone and granite walls where deterioration has occurred ($60,000) - The mortar joints in all exterior stonework have deteriorated in several locations. In places the mortar has completely dropped out, leaving the joint open to the elements. Using the mortar recommendations from the Historic Structure Report all deteriorated joints will be raked out and repointed. Horizontal joints on projecting cornices, mullions and stylobate wall will be sealed with urethane.

Replicate and install original lobby lighting fixtures and repair ornamental clocks ($163,000) - In a campaign to modernize the lobbies of all Federal buildings GSA removed the original lighting fixtures from Interior's lobbies and installed something more appropriate to a airplane hanger. The present halogen fixtures provide an unnatural, uninviting color and cannot be serviced without using an electric hoist. The original floor mounted fixtures have disappeared, unfortunately. We propose to fabricate exact replacements from the original

drawings, using modern technology for improved energy conservation, color correction and illumination. The building has the original master clock system. Each office has its own clock which plugs into the system. When one clock malfunctions due to age, we have been able to just remove it and replace it. In monumental rooms, however, the clocks are ornate brass with oversize numerals and hands. Over the years these clocks have also malfunctioned but no replacements were available. With the assistance of a conservator we will have the old clocks restored and replaced in the system.

Restore museum display cases and clean and restore library and auditorium woodwork ($155,000) - Over the years, the exhibits displayed in the museum have changed several times. With each change various "modernization" efforts have occurred so that at the present time the original fabric of the display cases is totally obscured. This project would remove inappropriate materials, treatments and displays, restore the display cases and create new exhibits that would present the Department's mission in the proper setting. The library and auditorium woodwork (floors, panelling, furnishings and casework) needs to be cleaned and refinished in order to restore its appearance and prolong its life.

Install a new handicapped access ramp in keeping with historic preservation guidelines ($42,000) - The main entrance to the building (C Street) is not accessible to the handicapped. When GSA provided basic accessibility they only installed one ramp and automatic doors at the E Street entrance, which is the back of the building. The museum, library, auditorium, Indian craft shop and Park Service information office are all located at the main entrance. Handicapped visitors must travel two blocks around the building to the C Street entrance, take an elevator and then travel the equivalent of two blocks more to reach these attractions. The proposed location of the ramp will require close design coordination with the Historic Preservation Officer and the Planning Commission as it will affect the building facade.

JANUARY 1989 PAY RAISE

Chairman BYRD. Except for the Office of the Secretary and the Office of the Solicitor, it appears that all other organizations in the Department are being required to absorb the costs of the January 1989 pay raise in their fiscal year 1990 budget.

Is that correct?

Mr. VENTURA. Not completely, Senator.

The reason it appears that way is that within the Office of the Secretary and the Office of the Solicitor, we are labor-intensive. We do not enjoy the advantage of the programmatic budgets that the bureaus have which allow for the masking of, or absorption of such increases; because we don't have a particular programmatic budget attached to our office, we are, therefore, forced to seek funds from the committee.

Chairman BYRD. But it is true, is it not, that the other organizations in the Department are being required to absorb the cost of the pay raise in their budgets?

Mr. VENTURA. That is correct.

Chairman BYRD. Three-quarters of it.

Mr. VENTURA. Yes.

Chairman BYRD. And what was the basis for treating these two organizations differently from the rest of the Department other than that the Office of the Secretary makes the budget allocations for the Department?

Mr. VENTURA. The reason, Senator, is that the Office of the Secretary doesn't enjoy the advantage of a programmatic budget. Our budget is labor intensive with 96 percent for salaries, benefits, and fixed expenses. There really is no other area from which to draw in order to absorb such costs.

Chairman BYRD. Aren't there administrative and other salary-intensive activities in the other bureaus of the Department?

Mr. VENTURA. Certainly, there are, Mr. Chairman, but they have the additional funds associated with their respective program missions, which we do not have.

Chairman BYRD. Many of the Department's bureaus are absorbing the pay raise by reducing FTE's in fiscal year 1990. Can't the Office of the Secretary reduce employment slightly to cover the pay raise?

Mr. VENTURA. I think we can explore that possibility.

Senator BYRD. What are the number of positions?

Mr. VENTURA. Within the Office of the Secretary?

Mr. WHITEHEAD. There are 610 positions.

Chairman BYRD. How many bodies do you have?

Mr. WHITEHEAD. Currently, it is about 50 below that number.

Chairman BYRD. Do you intend to fill those?

Mr. WHITEHEAD. Not this year as we must absorb increased pay costs this year.

Chairman BYRD. How far would that go in covering the pay raise?

Mr. WHITEHEAD. It should cover the pay raise for this year.

HAZARDOUS MATERIALS MANAGEMENT

Chairman BYRD. Your fiscal year 1990 budget on pages 57 and 58 requests an increase of $300,000 and four FTE's to establish an Office of Hazardous Materials Management.

Would you describe briefly the responsibilities assigned to this new office?

Mr. VENTURA. I would be pleased to, Mr. Chairman.

The Office of Hazardous Materials Management will be established to provide supervision at the departmental level of imple-

mentation of the Comprehensive Environmental Response, Compensation and Liability Act, CERCLA, and the Resource Conservation and Recovery Act, RCRA, as these acts affect the Department's hazardous waste sites.

In other words, what this will allow us to do at the departmental level is to have a coordinated effort and means of establishing priorities in managing contracting for the cleanup of hazardous waste sites.

Chairman BYRD. Are any of these activities presently being performed by the Office of the Secretary?

Mr. VENTURA. No; the activities themselves are performed at the bureau level. The difficulty from a management standpoint is that there really has been no overall coordination at the departmental level in terms of setting departmental priorities.

We believe that there will be an economy of scale as well that will result as a benefit of doing this by contracting at the departmental level rather than at the bureau level.

Chairman BYRD. The HMM office has not yet been established then?

Mr. VENTURA. Correct; it has not been.

Chairman BYRD. Does the funding requested provide for full year operation of the office?

Mr. VENTURA. Yes; it does.

OFFICE OF REGULATORY OVERSIGHT

Chairman BYRD. The justification on pages 93–94 identifies an increase of $600,000 and six fulltime employees to establish a new Office of Regulatory Oversight: What would be the responsibilities of that new office?

Mr. VENTURA. The Department has lacked an office of regulatory review. This has often resulted in inconsistent review of regulations and rules, which I believe hampers the department at the departmental level. The responsibilities of this group would be to coordinate and review all rules and regulations at the departmental level rather than just at the bureau level as is currently practiced.

Chairman BYRD. These seem to be the sorts of activities which should already be occurring in the Office of Program Analysis, the Offices of the Assistant Secretaries, the Solicitor's Office, the Office of Budget, and elsewhere throughout the department.

For instance, the justification on page 91 describes one of the responsibilities of the Office of Program Analysis in the following words:

> It coordinates departmental implementation of Executive Orders 12–291 and 12–498 on regulatory review and planning. These orders mandate the review of alternative approaches to regulation to promote greater efficiency and to reduce costs imposed by the Federal Government on non-Federal entities. The Office coordinates the preparation of annual regulatory plans, works closely with the Bureaus to identify significant and major regulations, and assists bureaus in preparing economic analysis of selected major regulations.

The justification on page 93 indicates that the proposed Office of Regulatory Oversight would work with departmental organizations:

> * * * in identifying perspective rulemakings, ensuring that appropriate bureaus and offices are involved in the preparation and review, evaluating their policy and

budget implications and reviewing and approving regulations from a departmental standpoint.

How will the responsibilities of the proposed Office of Regulatory Oversight differ with those of the existing Office of Program Analysis?

Mr. VENTURA. Mr. Chairman, you are correct. To a certain degree, the Office of Program Analysis performs part of the function. But, as you noted, it is in select instances. At this point in time, there is not one office that orchestrates the review of all rules and regulations within the department. And that would be the function of this particular office, to assure consistency with administrative and secretarial policy guidance.

Chairman BYRD. If regulatory review requires more attention, why can't some of the resources from the Office of Program Analysis, or elsewhere in the Secretary's Office be brought to bear on the issue? Rather than creating another level of bureaucracy and adding to the Federal deficit as you have proposed?

Mr. VENTURA. Well, Mr. Chairman, I think a great deal of the regulation review that this particular office will undertake will draw upon the resources of our various offices within the Office of the Secretary.

It is a substantial work burden that we are discussing.

Chairman BYRD. Did you anticipate that this would lessen the work burden to the extent that the FTE's could be reduced?

Mr. VENTURA. I don't know if it lessens it, but it would provide greater efficiency and reduce inconsistency and assure that regulations are reviewed by the Department as well as by the bureaus.

We have had instances where regulations have been published by the bureaus in the Federal Register that were not reviewed at the departmental level.

CONTRACTUAL SERVICES

Chairman BYRD. Page 113 indicates that contracting by the Office of the Secretary will increase from $6.6 million in fiscal year 1988 to $8.9 million in fiscal year 1990, an increase of 36 percent in just 2 years.

Why are contracting costs in the Office of the Secretary increasing so dramatically?

Mr. VENTURA. I have to refer to Mr. Whitehead on that.

Mr. WHITEHEAD. Mr. Chairman, some of the increases can be attributed to the program increases, particularly the regulatory oversight function we have just discussed and the building restoration. In the case of the working capital fund, pay raises for fiscal years 1988–89 and a proposal for telecommunications improvements would increase the contracts that would be required there.

That would be in the neighborhood of about $2 million.

Chairman BYRD. If you backed these increases out of the numbers, what would still be the percentage of increase in 2 years?

Mr. WHITEHEAD. I believe it is about the same. No increase.

Chairman BYRD. About the same. Zero.

Mr. WHITEHEAD. Or very slight.

Chairman BYRD. Is the Office of the Secretary issuing new contracts, or is the cost of existing contracts increasing?

Mr. ITTEILAG. I don't think there's any significant effort to issue new contracts. On some contracts that we have, the cost will increase. We have a guard contract that is used for the main Interior Building and other buildings in the complex. That goes up from year to year as the costs of labor increase.

Why don't we put some additional information on this point in the record, Mr. Chairman. I think that would be useful.

[The information follows:]

CONTRACTING COSTS

Contractual services needed by the Office of the Secretary have been rising for a number of reasons. In general, our repair and maintenance contracts for equipment, including computers, have been increasing since we now have more equipment in use.

In addition, the increase in contracts can be attributed to an increase in fiscal year 1990 of Working Capital Fund charges which are paid out of object class 25.0 including pay and FERS costs and charges for the WITS, contracts for Regulatory Oversight and Hazardous Materials Management which are new offices, and a small amount for oversight of the PAY/PERS system. Increases in fiscal year 1989 from fiscal year 1988 are for building restoration, PAY/PERS, Working Capital Fund charges, and small amounts for some program increases.

OFFICE OF PERSONNEL

Chairman BYRD. The budget on page 71 proposes an additional $100,000 and one fulltime employee for the Office of Personnel. The justification consists of one sentence:

The proposed increase will provide for one additional FTE for departmental oversight of the PAY/PERS system, especially the personnel data aspects.

What precisely would be the duties of the new position? And why can't the existing staff of 30 FTE's pick up the workload?

Mr. VENTURA. Mr. Chairman, this requested increase covers costs associated with salary and benefits and other miscellaneous costs necessary to carry out our new payroll personnel system.

This is a very labor-intensive undertaking, one that I think will definitely be to the long-term benefit of the department. We have spent considerable time and energy in developing a new payroll personnel system, which we are on schedule to bring up. I don't feel that we can undertake the completion of the final phase of the development of this system without the additional funds requested.

Chairman BYRD. How many FTE's are on board now?

Mr. VENTURA. For this particular function?

Chairman BYRD. Existing staff.

Mr. VENTURA. Twenty-nine. There is no one in the Office of Personnel currently on board to provide this kind of service.

Chairman BYRD. But how many are on board?

Mr. WHITEHEAD. There are 29 on board, Mr. Chairman, at this time.

Chairman BYRD. Not one of them can provide this kind of service?

Mr. VENTURA. That is correct.

PAY/PERS SYSTEM OVERSIGHT

Chairman BYRD. Then what are the duties of the new position again, more precisely?

Mr. VENTURA. Mr. William Kendig, Director of the Office of Financial Management, will respond.

Mr. KENDIG. The reason for designing the new personnel payroll system is twofold. First of all, our system is old. It was designed between 1976–79.

Second, it is not efficient in providing personnel data. That is a very specialized type of activity that someone needs to work in, in order to specify for the people that are doing the automation projects exactly what the personnel requirements are, and exactly how they should be provided in the automated system.

That is basically the key portion of the new payroll personnel system. And the Personnel Office needs to provide the leadership and oversight on behalf of the Department to assure that they get what they need out of the new system.

Chairman BYRD. The budget request includes $15,000 for travel for the new position. Why are travel costs estimated to be so high?

Mr. VENTURA. A great deal of the travel is between here and Denver. Currently, the payroll personnel system is being brought up by the Bureau of Reclamation which is based in Denver. There would be a good deal of travel back and forth between Washington and Denver.

Chairman BYRD. How do you estimate the number of trips?

Mr. VENTURA. I don't know, perhaps one trip per month.

Chairman BYRD. How do you estimate then that you need $15,000? That is a lot of travel for one position.

Mr. VENTURA. That's true.

Chairman BYRD. Maybe the person better just stay out in Colorado.

Mr. VENTURA. We have given thought to developing an administrative service center in Colorado. I think it would be a good idea.

Chairman BYRD. Why not? If it's a good idea.

Mr. VENTURA. I think we could do that. The person would still have to travel to Washington, DC, for a certain amount of time and support.

Chairman BYRD. Then there wouldn't be any savings.

Mr. VENTURA. There might be savings if you had the person based in Colorado. I doubt that it would cost you $15,000.

Chairman BYRD. Flying this way and going back——

Mr. VENTURA. He or she wouldn't have to come back and forth to this office as often.

Chairman BYRD. Why not?

Mr. VENTURA. Because a good deal of the program is being brought up in Denver using the lead bureau concept; the Bureau of Reclamation is based in Denver and the majority of the computer work that is being done on the system at this time is being done in Denver.

Chairman BYRD. Could the work be done as well?

Mr. VENTURA. In Denver, with a person based there? I believe so.

Chairman BYRD. What would be the savings then?

Mr. VENTURA. That is difficult to estimate because, again, I cannot estimate at this time how often that person would have to return to Washington, DC. The travel might be reduced because the main site is in Denver.

Chairman BYRD. Suppose you let the subcommittee know what the difference in costs would be.

Mr. VENTURA. We would be pleased to do that, Mr. Chairman.

[The information follows:]

TRAVEL FOR PAY/PERS OVERSIGHT POSITION

There would be very little, if any, difference in costs. Since the personnel staffs of the Department are largely headquartered in the Washington area, and the system is being developed by the Bureau of Reclamation in Denver, this individual needs to coordinate between the two locations.

The incumbent will be required to travel to Denver to participate in Departmental reviews of project status and to attend User Transition Team meetings. Travel to other personnel office locations will also be required to advise bureau and operating personnel offices on implementation planning and to participate in the implementation effort.

If the position was placed in Denver, the individual would have to fly to Washington to coordinate with the personnel headquarter offices. Travel to other personnel offices and field locations to advise bureaus and operating personnel offices concerning implementation would still be required. Additionally, office space would have to be rented and additional support costs would be incurred.

In terms of cost of the travel, the average one week trip to Denver costs approximately $1,000 (airfare, per diem, and miscellaneous costs). This equates to about one trip per month to insure the proper development of the system. A few of the trips may go beyond one week and there will be travel to some other personnel offices and field locations that cannot be accurately determined at this time.

OFFICE OF FINANCIAL MANAGEMENT

Chairman BYRD. Office of Financial Management, the budget on page 100 proposes an increase of $50,000 for the Office of Financial Management to restore the reduction made by Congress last year.

This increase is in addition to the requested $58,000 increase to the base for pay and other costs.

Since we have been told that other bureaus will be cutting back on travel, equipment purchases, training and the like in order to absorb the increased pay costs, and since these are the very items that would be funded by the $50,000 request, why should the subcommittee treat this office differently from the other bureaus in the Department?

Mr. VENTURA. Mr. Chairman, one thing that this particular office does, in fact, is save the Department a great deal of money in the form of cost avoidance. Their efforts in cash management, overtime reduction, unemployment compensation, and workers compensation, in a cumulative sense over the past several years, have saved the Department of the Interior in excess of $45 million.

This additional $50,000 will be very well invested. It will restore a position that is sorely needed and has gone vacant over the past year.

Chairman BYRD. Can you indicate for the record how much has been saved?

Mr. VENTURA. In fiscal year 1988, in cash management, we saved $6 million; in overtime reduction, we saved $4.2 million; in unemployment compensation, we saved $1.4 million; and in workers compensation, we estimate the savings to be $800,000 for a total of $12.4 million saved in fiscal year 1988 alone.

Chairman BYRD. You better double your request.

Mr. VENTURA. We would be pleased to.

Chairman BYRD. If you're saving all that money, the $50,000, you should double it.

Mr. VENTURA. That would make Mr. Kendig very happy.

Chairman BYRD. What would that do to the savings? Would it double those?

Mr. VENTURA. I don't know that it would double savings, but it would certainly have an impact.

WORKING CAPITAL FUND

Chairman BYRD. In the working capital fund, what is covered under the space and facilities management activities?

Mr. VENTURA. I would refer to Mr. Whitehead on that.

Mr. WHITEHEAD. Mr. Chairman, there are a number of activities that are performed by the Office of Space and Facilities Management. The services are for bureaus and offices located in the Washington, DC metropolitan area. It coordinates policy and provides oversight of GSA delegations for lease administration, operation and maintenance, and lease acquisition. Other duties include allocating space assignments in the main and south Interior buildings; issuing instructional and information guidance to all elements of the department concerning space management policy; maintaining liaison with GSA concerning building management policies, things of that nature.

Chairman BYRD. Why is it that the costs are fluctuating so wildly, so much? Your budget indicates that the fiscal year 1988 costs for these activities is $1.7 million; in fiscal year 1989, $1.1 million. Going down. Fiscal year 1990, $2.9 million.

Mr. WHITEHEAD. It is attributed, Mr. Chairman, to replacement of the current CENTREX telephone system with a new digital system. The acronym is WITS, Washington Inter-Agency Telecommunications System. The General Services Administration announced in 1982 that they planned to replace the current system with this new system. Recognizing that this change would impact the Department's voice and data communications, the Office of Administrative Services, that is—of which space and facilities management is a part, began a multiyear project for the transition and to take care of growing data requirements.

In fiscal year 1988, the first year I think you are referring to, they replaced all of the horizontal telecommunications wiring in the Interior complex with separate voice and data cabling; it cost about a million dollars.

This fiscal year, 1989, they began preparing the design and specifications for the digital data switch. Preparing the site for the switch and the other equipment associated with this telephone system only costs $187,000. So there is a big drop.

Then in 1990, to acquire and install the digital data switch and implement voice communications will cost close to $2 million.

Chairman BYRD. Once the switch has been installed and implemented, does that mean that the amount for fiscal year 1991 would be now down?

Mr. WHITEHEAD. It should be reduced, yes, sir.

Mr. VENTURA. It should be down significantly. This year, it is approximately $1.7 million just to carry on the project. But it should drop significantly in 1991.

Chairman BYRD. I hope you have a better system than we have when you get it in.

Thank you, Mr. Ventura, for your testimony today.

Mr. VENTURA. Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Chairman BYRD. We may have some additional questions, so we would ask you to respond promptly to those.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MCCLURE

NPS SEATBELTS

The FY 1989 Interior bill included language in the Office of the Secretary account requiring the Park Service to reissue a Notice of Proposed Rulemaking on the mandatory use of seatbelts while traveling on National Park Service roads.

Question: What is the status of that rulemaking?

Answer: The proposed regulation was published in the Federal Register on December 21, 1988. The closing date for comments was February 21, 1989. Of 175 comments, 137 were in favor of the regulations and 38 were against. The final regulations are being written, and we will begin the clearance process soon.

SECRETARY'S IMMEDIATE OFFICE

You have requested base funding of $1,795,000 for the Secretary's Immediate Office.

Question: While this funding will meet the needs of the former Secretary, has the new Secretary had an opportunity to determine if this budget will meet his needs?

Answer: The new Secretary is currently assessing his office structure. At this time there is no basis for the FY 1990 request to be changed. We will keep the Subcommittee advised if this situation changes.

Question: What about the budgets for the Assistant Secretaries? Will they have any input into their FY 1990 budgets, or do they need to wait until the FY 1991 cycle?

Answer: When the Assistant Secretaries are in place, they will be reviewing their FY 1990 budget needs. However, since the FY 1990 request is already being considered by the Subcommittee, the FY 1991 budget cycle will probably be the first opportunity the new Assistant Secretaries have to significantly influence their budgets.

EXECUTIVE SECRETARIAT

You have requested base funding for the Office of the Executive Secretariat. This office is the major organizational unit for the Secretary's and Under Secretary's use in managing the daily affairs of the department (pg. 23).

The FY 1990 justification indicates that this office will coordinate and maintain files on over 4,500 items a month. This is a large increase from the FY 1989 justification where 1,000 items a month were maintained and coordinated.

Question: Why the large increase?

Answer: The Department of Interior's Executive Secretariat (ES) tracks all incoming correspondence addressed to the Secretary and Under Secretary through an automated tracking system. This includes all members of Congress, Governors, state and local officials, conservation and environmental and other outside groups and the general public. Additionally, ES is in the process of entering into the database all write-in campaigns from the general public, as well as White House bulk mail referred to Interior. Incoming White House bulk mail has been as high as 500 letters per month. This information is important in enabling the Department to be responsive to the general public and the Congress.

The computerization of the ES on March 14, 1988, enabled the office to control and track significant correspondence and other issues in a more effective manner. This has allowed for an increase in the number of documents and correspondence that are currently controlled and tracked. This enables the Secretary and the Department to be more responsive to members of Congress, constituents and the public.

Additionally, prior to January 1989, we began to notice an increase in the volume of incoming correspondence, probably in anticipation of the transition. Since Manuel Lujan became the Secretary, this increase has grown even larger.

ES also maintains an Invitation Tracking System. On average, 205 invitations are received per month for Secretary Lujan.

In summary, the increase results from expanded automation plus, from all appearances, the commencement of the new Administration.

Question: Is this the primary workload measure?

Answer: While numbers are a useful tool, they do not reflect the amount of time necessary to coordinate substantive responses. The majority of substantive issues at Interior are not the sole domain of one Assistant Secretary or bureau but have major cross-cutting effects across the entire Department. Incoming correspondence, especially on controversial items, may involve very complex issues on Departmental programs and activities that require multiple levels of Departmental review. ES is responsible for controlling the review in a responsive and timely manner. With a new Administration, there is also increased interest in previous correspondence from certain individuals on various issues or activities. ES is involved in tracking and researching certain requests.

Another function of ES which is critical but seldom addressed is the processing-out of Secretarial correspondence. Every piece of correspondence signed by the Secretary is processed out by ES and in many cases handcarried to the recipient. This information is entered into the ES database in order to keep the records current. Additionally, ES closes out in the database all correspondence signed at the Assistant Secretary level and the Bureau Director level.

Question: Will the new computers allow the office to meet the increase demands with level funding?

Answer: At the present time, the computer used by ES is a Digital VAX 780. It was acquired at no cost (surplus property) from the Minerals Management Service. The ES Tracking System can also be accessed by the staff of the Office of Congressional Affairs and the Secretary's Immediate Office (about 45 people), and at present is strained to accommodate all users.

While the ES automation has allowed correspondence control and tracking to be more effective and efficient, this increased efficiency has resulted in increased demand for ES services.

It may well be that increased funding in this area will be needed in future years.

OFFICE OF CONGRESSIONAL AFFAIRS

The FY 1990 justification indicates that the actual number of incoming correspondence received and responded to in FY 1988 was 1,500. This is a large decrease from the anticipated level for FY 1988 of 4,000 stated in the FY 1989 justification (pg. 25).

The FY 1990 justification also anticipates this lower level to continue into FY 1990.

Question: Why the decrease when all other workload indicators are flat?

Answer: The decrease in actual number of incoming correspondence received and responded to in FY 1988 was the result of a change within the Office of the Executive Secretariat (ES) for disseminating incoming correspondence addressed to the Secretary, Under Secretary or Assistant to the Secretary and Director of Congressional and Legislative Affairs. This change in procedure eliminated the initial review of incoming correspondence by the Office of Congressional and Legislative Affairs (OCL) by having all incoming correspondence reviewed solely by ES prior to routing to the appropriate Departmental office for response. However, ES, on a daily basis, provides OCL informational copies of all substantive incoming correspondence for review or recommendation. This process decreased the volume of incoming correspondence received in OCL for actual review and response. OCL continues to review final responses to incoming correspondence addressed to the Secretary and Under Secretary.

Question: Was some of the correspondence ignored?

Answer: No correspondence was ignored.

Question: Did the reduction made by Congress of $88,000 have an impact on the workload? If so, how?

Answer: The reduction made by Congress of $88,000 did not have an adverse effect on the workload.

It may well be that increased funding in this area will be needed in future years.

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EQUAL OPPORTUNITY OFFICE

The Departmental Equal Opportunity Office will issue a training manual in 1989 to be used by the Bureaus in their manager training courses (pg. 30). In addition, a main initiative in FY 1989 will be the training of all Department managers and supervisors in their equal opportunity responsibilities.

Question: What is the status of this manual?

Answer: This training manual is being developed for distribution to Bureau EEO Officers to provide the criteria and curriculum for training

plans that will be used to train approximately 5,000 managers and supervisors in DOI. The manual will be completed during the last quarter of FY 1989.

Three chapters have been completed in draft: Preventive/Early Resolution of Complaints; Elimination of Sexual Harassment in the Workplace; and Requirements of Reasonable Accommodation for Handicapping Conditions. The chapter on Affirmative Action is in the draft stage.

Question: How will the training and manual impact your workload?

Answer: Preparation of the manual requires research, writing, reviewing for legal sufficiency, editing, development of audiovisual material, typing drafts and final copy, layout and final printing and distribution. A team of three senior and one junior Equal Opportunity Specialists and a secretary are working on this special assignment in addition to their regular duties.

It is estimated that the approximate time required for this initiative will be 240 staff hours for the team leader, 120 staff hours for the team members and 340 hours for the support/administrative staff at an estimated staffing cost of $16,000.

Thirty managers and supervisors will participate in the pilot training to test the manual. This requires the identification of a cross-section of participants, preparation and printing of the participants' manual, development of an evaluation form to measure the adequacy of the training, delivery of the training, analysis of the data collected in the assessment and a final editing of the manual based on findings from the pilot training.

The training and manual will increase the number of resolutions of allegations presented during counseling (before formal complaints are filed). It will affect the Departments workload by reducing the number of formal complaints filed against the Department.

Question: Your workload data is relatively flat. Why the new initiatives?

Answer: Precisely because the workload has remained relatively constant, new initiatives are being developed to reduce the number of complaints filed and increase the number of complaints resolved during the early stages of processing. Also, we are in the implementation stages of the multi-year Affirmative Employment Plan which requires greater participation by managers and supervisors, which mandates agencies to pursue in a more aggressive way the importance of measures to change the Department's representation of women and minorities in the workplace. The training of managers and supervisors will increase their awareness and knowledge of their equal opportunity responsibilities, including affirmative employment and the prevention of sexual harassment in the work place. It will also assist them in meeting their performance standards in equal opportunity.

These initiatives are consistent with the strong interest and deep commitment of Secretary Lujan in the area of equal opportunity and his objective to make the Department more responsive to those action items which the President has identified.

OFFICE OF PUBLIC AFFAIRS

The FY 1988, FY 1989 and FY 1990 justifications indicate that the Office of Public Affairs will continue to work with other Federal agencies to develop an electronic "news wire" that will carry news releases (pg. 35). Such a service is designed to reduce costs for the delivery and mailing of its news releases, speeches and other materials.

Question: What is the status of this effort? How long is it expected to take?

Answer: In the last several years, the Office of Public Affairs has been looking into ways of more effectively disseminating Interior information and reducing associated costs. Increasing courier, mail, and printing costs for government agencies and news organizations alike inevitably mandate more innovative techniques for the dissemination of information to the news media.

The Office of Public Affairs established the Interior Department Electronic News Service in 1987. This service provides immediate access to DOI statements, news releases, etc. over FED NEWS (a commercial service offered by Dialcom, Inc.) which is accessible to 150,000 users throughout the country. The Department of Agriculture also uses this service. Many Members of Congress access a similar Dialcom service through the Congressional Correspondence System.

In FY 1988 and FY 1989, Interior, in cooperation with the National Press Club and Dialcom, arranged for the DOI News Service to be available at no cost in the National Press Club Library. At that time, Interior discontinued its daily courier service to most of its constituent media offices at the National Press Building and encouraged them to either use the press club library, or access the DOI News Service via their own computers.

Although some reporters did this, the problem has been that most reporters who cover Interior also cover other agencies and cannot justify the minimum monthly service access fee to their editors. Some news media representatives also could not access any commercial data service since their computers were dedicated (linked) to their home offices.

A survey of Interior beat reporters indicated that in order to justify an access charge to their editors, the benefits needed to appear more attractive to the news media.

Because reporters who cover Interior also normally cover the Department of Energy, the Environmental Protection Agency, and certain other agencies, the Office of Public Affairs held discussions with those agencies to see if there was interest in a blended energy/environment news wire

wherein news releases, and other timely information, would be available on a single news wire. Interior's rationale was that the electronic service would be more attractive since it would be less costly to the news agencies (who also pay courier costs) and more timely than mail. Further, it would be a more reliable method of obtaining news releases from federal agencies. This suggestion also was discussed with the Director of Public Affairs at the White House. Unfortunately, the agencies opted not to participate in such an arrangement, which would have required them to develop an electronic news system and share in the minor costs associated with the endeavor.

In FY 1989, Interior began electronic distribution of its news releases via USDA's Electronic Dissemination of Information Service operated by Martin Marietta. This makes DOI materials available to major distributors of information such as Agnet, Agridata Resources, Knight-Ridder Financial News, etc.

Interior also had discussions with Compuserve, another commercial source, and encouraged the company to establish a blended energy/environment news file, perhaps with materials from environmental and trade organizations. However, market considerations prevented Compuserve from proceeding.

Interior is now experimenting with the use of facsimile equipment and commercial ticker tapes (U.S. News Wire, Public Relations Wire).

Although only a small amount of staff time is devoted to such projects, the Office of Public Affairs continues to explore new techniques and means to reduce distribution costs. As the Administration's new management and public affairs personnel are placed at these agencies, this proposal will be offered again. Interior continues to believe such a project is worthwhile.

Question: In 1985, the Office of Public Affairs anticipated that 300 news releases would be issued. The FY 1990 justification indicates that this number will drop to 225. Why the decrease? Has this office shifted its focus away from press releases or is the Department doing less that is newsworthy?

Answer: The vast majority of press releases issued by the Department are of only local or regional interest and are not issued by the Office of the Secretary.

In FY 1988, Interior issued 210 Departmental news releases. The number fluctuates yearly, therefore estimates are difficult to make. Events such as the Yellowstone fire or the Alaska oil spill are unpredictable and may significantly increase numbers. Years when major regulatory actions occur, such as the development of a five year plan for the Outer Continental Shelf leasing program, also affect the numbers. The policies of an Administration and the Interior Press Secretary also can influence dissemination activities.

In general, however, because of increasing costs for the printing and dissemination of releases, Interior is attempting to limit news releases to

matters which are of interest to substantial numbers of Interior beat reporters. Matters which are of only limited interest are handled in other manners such as fact sheet, phone call, personal interview, regional release, etc. For the last five years, the Office of Public Affairs has encouraged the development and dissemination of feature news releases.

ENVIRONMENTAL PROJECT REVIEW

The Office of Environmental Project Review provides department-wide oversight for environmental quality in natural resources management (pg. 54). One of its main responsibilities is to provide guidance and technical assistance in meeting the Department's responsibilities under NEPA and the Coastal Zone Management Act.

In reviewing the workload data for the past few years, it has remained relatively flat.

Question: Can you explain this level workload when we are seeing other agencies being required to do more NEPA work?

Answer: The NEPA workload in Interior is relatively flat because Federal agency programs in general have been relatively flat in natural resource program areas. With some exceptions, Interior's major program activity has been in areas covered by ongoing legislation (e.g., wilderness, OCS leases, land management plans, etc.) or major applicant actions (e.g., Trans Alaska Gasline System, Palo Verde Transmission Line, Peabody Mine, etc.).

Interior's NEPA workload is reasonably similar to that of other Federal agencies. For example, the total number of Environmental Impact Statement's prepared by all other agencies reported by EPA was 549 in 1985, 521 in 1986, 455 in 1987, and 433 in 1988.

HAZARDOUS MATERIALS MANAGEMENT

You have requested an additional $300,000 for a new Office of Hazardous Materials Management (pg. 57). This office will be responsible for supervising the implementation of the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act as these acts affect the Department's hazardous waste sites.

Question: What office has been performing these functions?

Answer: No individual office is currently performing all of the functions listed in the justification. At the present time the Bureaus are performing most of the functions listed with oversight, coordination, and technical assistance by staff in the Office of Environmental Project Review (EPR) and the Office of Program Analysis (PPA), with some support from the Office of Budget. EPR tracks the sites on the Federal docket and reviews reports on the status of these sites for compliance with statutory

timelines. While EPR performs the scientific and technical review, PPA does cost analysis of proposed contracts. Centralizing activities in one office, as proposed, would make it possible for the required functions to be performed in greater depth with a more substantive review through a better coordinated and more efficient effort.

INDIRECT COSTS

An additional $175,000 has been requested in FY 1990 to continue the transfer of the Indirect Cost Rate Negotiation function from the Office of the Inspector General to the Office of Acquisition and Property Management. $75,000 was provided in FY 1989 to initiate this shift (pg. 59). This transfer of function was proposed because negotiation of indirect cost rates is more appropriately a management function and not an audit function.

Question: Why isn't this considered a base adjustment (pg. 15) for the Office of the Secretary when it is for the Inspector General?

Answer: The Office of the Secretary considers this a transfer of new duties, therefore it is considered a program increase. A new Division will be created to handle this function. The Inspector General staff has been performing this function as a part of their other duties. There will not be a structural change in the Office of the Inspector General as there will be in the Office of the Secretary.

Question: Why is there only a $142,000 and 3 FTE decrease in the Office of the Inspector General in FY 1990?

Answer: For FY 1989, the Inspector General originally requested of the Office of Management and Budget (OMB) an increase of two FTEs for this function. During the OMB review it was decided that the function would be transferred from the Office of the Inspector General (OIG) to the Office of the Secretary (OS) and five FTEs were included for this purpose, three existing ones and the two new ones requested. The FY 1989 OS justification included these five FTEs and $250,000. Congress allowed one FTE and $75,000 in FY 1989 for beginning the transition. No FTEs or dollars were taken from the OIG, however. For FY 1990, OS requested the remaining four FTEs and $175,000 and the OIG reflected a reduction of three FTEs (in the base) and $142,000 to complement the OS request.

Question: Is this going to be a more comprehensive effort?

Answer: The Office of Acquisition and Property Management (PAM) intends to faithfully execute the laws, regulations, policies and procedures that govern all agencies in negotiating indirect cost rates and to conduct the negotiations objectively. The Department understands the importance of negotiating these rates to the Indian Tribes and other entities, Alaska Native organizations, Territorial governments, States, and local agencies for which the Office of Management and Budget has assigned cognizance to the Department of the Interior. The number of proposals the Department of the Interior is responsible for negotiating is increasing year by year and,

therefore, the amount of staff and other budget resources required is increasing.

OFFICE OF PERSONNEL

An additional $100,000 is requested for the Office of Personnel. This proposed increase will provide for one additional FTE for Departmental oversight of a new computer system, emphasizing the personnel data aspects (pg. 71). This system is designed to provide services department-wide for personnel and payroll data and will be administered by the Bureau of Reclamation on behalf of the entire Department.

Question: What type of system is currently being used for oversight of the personnel data?

Answer: The DOI PAY/PERS System was developed by the Bureau of Reclamation as a Bureau level system in the late 1970's without input from the Department or other bureaus and agencies currently serviced by the System. Since that time, the Department has not had a position primarily devoted to the PAY/PERS System oversight. The Department and user bureaus participate in PAY/PERS Users Group meetings conducted by the Bureau of Reclamation.

While the PAY/PERS system processes personnel actions, the system does not meet the needs of managers and personnel specialists because it does not provide access to personnel management information. The system is workload intensive and is slow in responding to legal and regulatory changes. The Department of Interior recognized the fact that PAY/PERS was nearing the end of its life cycle and initiated the project to import the FBI system in January 1988. The new system will be the DOI Federal Personnel/Payroll System (FPPS).

Question: When will this system be operational?

Answer: Implementation of the first bureau is currently scheduled for January 1990. The new system will be implemented and become operational for the other bureaus and agencies that currently use the system during March-December 1990. Development of the FPPS system is scheduled to continue during the early 1990's to ensure the system meets all the functional requirements necessary for an extended life cycle.

PERSONNEL COSTS CALCULATIONS

You have requested additional FTEs in the Office of Personnel, in the Office of Regulatory Oversight and in the Hazardous Materials Management program. For the Office of Personnel, $65,000 (pg. 71) is requested for personnel compensation. In the Hazardous Materials Management program, $50,000 is requested for personnel compensation of each FTE (pg. 57). And $45,000 is requested for personnel compensation for each FTE in the Office of Regulatory Oversight.

Question: When the Department proposes an additional FTE, what is the formula used to determine the personnel costs?

Answer: There is no formula per se used to calculate personnel costs. In the situation mentioned above each office's personnel costs were based on the anticipated grade levels of the positions associated with each office.

Question: Is the same formula used when an FTE decrease is proposed?

Answer: Only if a decrease in FTEs is proposed without specific plans on which positions are affected would a "formula", average cost per FTE, be used.

REGULATORY OVERSIGHT

You have proposed to create the Office of Regulatory Oversight under the Office of the Secretary (pg. 93). This new office will be responsible for ensuring that regulations developed within the Department of the Interior are given a timely and fully coordinated review by the appropriate bureaus and offices of the Department. An additional $600,000 is requested for this office in FY 1990.

Question: How are these responsibilities currently being carried out?

Answer: (The information follows:)

Interior Rulemakings

There is no central point for coordination of regulatory reviews within Interior. Departmental involvement in and direction of bureau rulemakings is very uneven, fragmented and somewhat cursory.

A small number of the rules published by Interior, probably less than 50 out of around 300 rules published annually, are reviewed extensively within the Office of the Assistant Secretary - Policy, Budget and Administration (PBA) for substantive policy issues. Most reviews are for conformance to proper formats and for adherence to appropriate administrative requirements.

The following offices have some oversight responsibilities:

- The Office of Program Analysis (PPA) - Reviews some regulations for policy issues.
- The Office of Environmental Project Review (PEP) - Reviews some regulations for environmental issues only.
- The Office of Management Improvement (PMI) - Reviews all rules submitted to OMB for format and technical requirements.
- The Office of Budget (POB) - Reviews some rules for budgetary effects.

In addition to the above PBA offices, two Secretarial offices also review proposed Interior rulemakings.

- The Office of Small and Disadvantaged Business Utilization (OSDBU) - Reviews some rules for the effect on small businesses.

- The Office of the Solicitor (SOL) - Reviews all proposed rules for legal issues.

Some of these reviews are more controlled than others, but no one office orchestrates these reviews to assure that rules are reviewed for substantive consistency with Administration and Secretarial policy objectives and that various legislative and administrative requirements have been met.

Rules Proposed by Other Federal Agencies

The Office of Environmental Project Review (PEP) coordinates a Departmental review of rules proposed by other agencies that are primarily environmental in nature. PEP compiles bureau comments and prepares Departmental responses, which are signed by the Assistant Secretary - PBA. In addition, PEP also coordinates comments on Environmental Impact Statements prepared by other Federal agencies that can have an impact on the Department's programs.

Efforts to expand these reviews to cover a wider range of regulations proposed by other Federal agencies have not been successful, due largely to lack of resources to coordinate such an effort.

Interior's bureaus and employees are free to comment on any Federal agency's rules or activities. Because these comments are not forwarded to any offices within PBA, even for informational purposes, PBA usually does not know about these comments.

Summary of Problems Associated with Current Regulatory Controls

The major problem has been the lack of a coordinated effort to monitor the development of regulations within the Interior Department and to provide focused comments on regulations proposed by other Federal agencies. There has not been an effective Departmental review of Interior's regulatory needs or of bureau rulemaking activities. Undesirable effects have included the following:

- One bureau published "final" regulations in the Federal Register without final OMB approval.

- Some sensitive notices related to the early stages of rulemaking have been published by Interior bureaus in the Federal Register without notice to the Secretary or the White House.

- Bureau comments on rulemaking activities of other Federal agencies have not been reviewed to ensure consistency with Departmental policies. Also, the Secretary has not always been informed of sensitive issues or the positions taken in these comments, so that negative public reactions are not effectively anticipated.

- Because of inadequate oversight, some bureaus also lack a central control point for regulatory oversight.

- OMB has criticized Interior for poor management of its regulatory procedures.

Question: How will this office ensure a more focused tracking system?

Answer: Concerns have recently been raised that Secretarial oversight of Interior's policy review and issuances has not been adequate to ensure internal consistency and compliance with general guidance provided by the Administration and the Secretary. A review was done and recommendations were made to improve the regulatory oversight function.

Proposed Improvements Involving the New Office

The Office of Regulatory Oversight, once established, will serve to coordinate the regulatory oversight activities in PBA and the other Secretarial Offices. Some new functions to be performed by this office are:

- Serve as the Departmental contact point for regulatory matters. Offices of the Assistant Secretaries and bureaus will also be required to establish such contacts if they don't already exist.

- With the assistance of Assistant Secretary and bureau contacts, prepare, on a weekly basis, a listing of all documents to be published in the Federal Register which concern the rulemaking process or which may be sensitive or controversial in nature. This listing will be provided to the Secretary and included in a weekly report to the White House.

- Coordinate study of regulatory issues within the Department to assist in identifying priorities for developing regulations at Interior.

- Establish and maintain a tracking system to monitor progress on regulations being developed within Interior.

- Coordinate reviews of proposed Interior regulatory documents to ensure that all necessary reviews are performed. To ensure appropriate Departmental review, all regulations that must be submitted to OMB (around 170 last year) will first be approved by the Assistant Secretary - Policy, Budget and Administration. New procedures will require policy and budgetary review of all rules going to OMB. The new office will ensure that Departmental reviews do not delay publications in the Federal Register.

- Coordinate an expanded Departmental review of external regulatory actions to cover all types of regulations that are likely to affect Interior's programs.

- Set up a system to ensure that all comments provided to other

agencies on regulatory matters are reviewed and that those requiring Secretarial attention are referred to the Assistant Secretary for Policy, Budget and Administration. Bureau and Assistant Secretarial contacts will use criteria established by the new office to forward appropriate comments to the regulatory oversight office. Items which will be forwarded through bureau and Assistant Secretary contacts will include issues that appear to have significant economic impacts on industries or communities, are likely to result in extensive news media coverage, are likely to generate Congressional interest, may be of interest to one or more State Governors, are involved in or result from litigation, or are likely to come to the attention of the Secretary for other reasons.

Question: Will a computer system be necessary?

Answer: The Office of Regulatory Oversight will need some equipment for word processing and for a tracking system. Some of the money proposed in the budget will be used to purchase and install personal computers, word processing and database management software packages, peripherals and associated furniture for six people.

OFFICE OF AIRCRAFT SERVICES

An additional $150,000 is requested for the Office of Aircraft Services (pg. 109). These funds will be used to hire three additional FTEs for the existing Aviation Safety Group and the Aviation User Training Branch. The justification indicates that "to not fund this requested increase will mean the DOI Aviation Safety program will remain at the same rudimentary level that currently exists."

Question: What is meant by the current rudimentary level?

Answer: The intent of this statement was to state that the DOI Aviation Safety Program, as it exists today, is basically a reactive, accident investigation effort. It is our desire, and certainly a need, to create a proactive Aviation Safety program to promote aviation accident prevention and to have an effect on the planning efforts within the DOI bureaus when they anticipate using aircraft to accomplish their programs and projects.

The Occupational Safety and Health program for our employees, as well as the aircraft accident prevention program, cannot attain the goals desired when so much effort is expended on the investigation aspects of the aviation safety program. The DOI Aviation Safety Program has been a reactive aircraft accident prevention effort. DOI is overdue for an effective proactive accident prevention effort.

Question: What were the recommendations of the recent management reviews?

Answer: Each and every one of these reviews revealed, in one way or another, that the Office of Aircraft Services (OAS) needed additional staff to adequately address the mandated aviation safety management and aircraft accident prevention program.

Question: Have you consulted with FAA on this proposal or the OAS Safety program in general?

Answer: DOI aviation safety is every DOI employee's responsibility. However, OAS has a requirement to be the leader, the DOI policy issuing office, and the Aviation Safety and Accident Prevention message carrier to all DOI employees, especially to the DOI managers who may utilize aircraft as a tool to accomplish their program responsibilities. FAA deals only with regulation and aviation safety on airport-to-airport flights; DOI aviation requirements present DOI and OAS with many high risk flight environments (special use) which FAA does not address. This causes DOI to have a substantially more involved safety program. OAS uses the FAA pilot flight checks and the commercial vendor facility inspections as a base line. Then OAS inspects the aircraft and the pilots using the higher standards required by DOI programs and specified in the various contractual arrangements through which the aircraft services are procured. This amplifies the higher standards DOI requires for its aviation operations and reduces the opportunity for operators to use the public aircraft issue as justification for non-compliance to published rules and regulations.

OFFICE OF CONSTRUCTION MANAGEMENT

The Office of Construction Management has the responsibility for assisting the bureaus and offices of the Department to improve their performance in planning, designing, constructing and operating facilities (pg. 118). Since 1978, this program has focused its efforts on the BIA. In FY 1987, the role of OCM was expanded from oversight and assistance activities to direct program management of BIA's facilities programs.

The original budget for the Department of the Interior included a funding request for a new school for the Coeur d'Alene Tribal School in Idaho. I note that the final budget displaced funds for the school and replaced it with funding for a school in South Dakota.

Portions of the South Dakota school have been condemned and pose safety hazards to the 700 students and staff. By comparison, the enrollment at the Coeur d'Alene school has declined from 88 in 1984 to 43 today.

Question: How could the Pine Ridge school rank below the Coeur d'Alene school in your original budget submission?

Answer: At the time the original ranking was developed, March 1988, the application materials submitted by the Tribal entities were evaluated based on established ranking criteria. The findings of the New School Construction Evaluation Committee were that the Coeur d'Alene school had a higher percentage of the students considered "unhoused" than did the Pine Ridge School. Therefore, the greater percentage of unhoused students represented a higher priority need for classroom space. Ranking consideration is not driven solely upon total attendance figures.

Question: What information was used to make the change in the final budget?

Answer: Conflicting enrollment figures for the Coeur d'Alene school's current and projected enrollment surfaced just prior to the budget submittal. Without a completed validation study and with enrollment figures in question, the change was required to ensure that the construction projects of greatest need are submitted in priority order.

Site validation studies are required of all top ranking new school construction projects prior to final consideration for funding. The site validation study of the Coeur d'Alene school was not completed at the time of the FY 1990 budget submittal. The validation study is currently being conducted and the results should be available shortly. Until enrollment figures, demographic data, and the education program can be verified, no school construction project will be forwarded for funding consideration.

Question: Do you anticipate an influx of students into the Coeur d'Alene school?

Answer: Discussions with the BIA Portland Area Office indicate that the general conditions on the Coeur d'Alene Reservation are improving. In the past ten years 94 homes were constructed on the reservation, 50 more homes are planned in the next ten years, Tribal industries exist on the reservation and are expanding, and unemployment is declining. However, until a site validation study is completed, student enrollment projections can not be verified.

Question: Why is this school still number two on the priority list?

Answer: The priority ranking list is updated annually and published in the Federal Register. The priority ranking list of projects is provided only as a guide to future consideration for funding. The projects are subject to extensive investigation, site validation, and of course appropriations before a project is constructed. Therefore, at the present time, the Coeur d'Alene school will not be part of the priority list of new school construction projects until a site validation study is completed. The new priority list is currently being finalized for FY 1991.

Question: What is number three?

Answer: At the present time no school construction projects are fully validated except the Laguna school project and the Pine Ridge High School project. The Department recommends that these two projects be funded in full in FY 1990. The Coeur d'Alene school project will be priority ranked in FY 1991 depending on the results of the validation study currently ongoing.

Question: How does the prioritization of the FY 1990 request relate to the priority system which was directed to be established two years ago?

Answer: The priority system was established and approved by the Congress and published in the Federal Register on May 22, 1979. The directive two years ago allowed for the continuation of the present priority system as it was approved in 1979. The DOI, at the direction of Congress, published a Federal Register notice in 1986 which stated that until a

Comprehensive Education Plan for the BIA is developed, the ranking of applications for new school construction would be deferred.

In March 1988, the BIA published the final review draft of a Report on BIA Education which represents a new effort to prepare a Comprehensive Education Plan. The report focuses on broad policy questions affecting all of BIA education.

To answer the question directly, the prioritization process of the FY 1990 applications is the same as two years ago and as it was originally established in 1979.

ALTERNATIVES TO COEUR D'ALENE FACILITY

In the FY 1988 Continuing Resolution, language was included directing the BIA to conduct a feasibility study on alternatives to building a facility at Coeur d'Alene. Among the alternatives the Bureau of Indian Affairs was directed to address was the possibility of adding a wing onto an existing school to serve the additional students.

In response to a question for the record last year, you indicated that cooperative agreement with the local school district was not practical.

Question: On what basis was a cooperative agreement impractical? Please provide for the record an analysis of your discussions with the local school district and include any correspondence.

Answer: The reasons for stating that a cooperative agreement would be impractical are from an education viewpoint. Many Tribes believe that if their children are absorbed by the local public school district, they would suffer an identity loss, they would not be provided native language instruction, and they would not receive equal representation by the local school or school board. The Coeur d'Alene Tribe is in opposition to any such consolidation with the local public school district.

In the case of the Coeur d'Alene school, the nearby Plummer County School District Superintendent was contacted regarding the addition of classrooms. The Plummer Superintendent expressed the belief that, if tribal students were accepted, he would not be able to make any commitments relative to the curriculum or whether the District would hire teachers or staff of the Coeur d'Alene Tribal School. The BIA has prepared a report to support this analysis. (The information follows:)

COUER D'ALENE TRIBAL SCHOOL
Needs Evaluation

An on-site evaluation was conducted during the week of February 29 through March 3, 1988 to assess the needs of the existing facilities and to support its current ranking.

Individuals involved with the evaluation:

Mr. Don Beach, Principal
Mr. Van Peters, Education, Portland Area
Mr. Ernic Stensgar, Tribal Chairman
Mr. Ray Reyes. Administrative Director
Ms. Majorie Matheson, Tribal Planner
Ms. Cindy Jordan, School Board Member
Mr. Al Nomee, School Board Member
Mr. Dale Ayers, O.F.M. - Equipment
Mr. D'Armon Miller, O.F.M. - Planning

The Couer D'Alene Tribal School is a K thru 8 school located in De Smat, Idaho, approximately 60 miles southeast of Spokane, Washington. The school currently houses 67 students in the grades kindergarten through eight which includes 16 students whom are not eligible to be included in the present I.S.E.P. formula funding. Also there are 34 head start children occupying a portion of the facilities. The fall '87 I.S.E.P. count indicates a total of 51 students. Presently there are no feeder schools sending children to Couer D'Alene Tribal School.

The facilities housing the current school population consists of five wooden temporary buildings one of which is used for the administration and staff lounge. These buildings are owned by the Bureau of Indian Affairs. The other building involved is the Tribally owned community center which houses the gymnasium/dining area, kitchen, headstart office, staff lounge, headstart class areas and some areas for the fifth and sixth grades. From this office's understanding all of the facilities became a part of the school's usage in the years 1972 through 1977. Every one of the buildings are 100% utilized.

The major emphasis of this evaluation was to consider the options of new construction, adding class space to the existing public school within the district or a cooperative effort between the public school and the tribe.

Each of these options was discussed with the tribal members attending the meetings plus the schools' principal. It is the feeling of the tribe that the best option for them to pursue would be the new construction concept. They expressed this option would be very beneficial to them since it would give them local control and preserve traditional values.

They also indicated that if they were absorbed by the local Plummer School district they would suffer an identity loss and most particular they would not receive equal representation by the local school or school board.

Based on the demographics gathered prior to and during the meeting, there seems to be a justifiable base to retain and possibly plan for a larger Couer D'Alene Tribal School at or nearby its present location. Other indicators that could support this premise is it seems that more tribal members are moving back to the reservation. This can be observed in the large number of houses constructed or to be constructed near the present school.

Also the tribal industries are expanding which includes forestry, farming, a service station, supermarket and a landfill. Within the past year the Couer D'Alene Tribal unemployment percentage has decreased from 72% to 41%, which indicates superficially that more members do have a viable employment base available to them.

During the evaluation period the three options were presented to both school districts of Plummer and Worley but in this instance only the Plummer School District would be impacted.

The Plummer School District's superintendent did express his feelings on all three options. In respect to adding additional facilities to his existing school, he felt this would be an excellent idea but he would not hold any hopes of receiving PL 815 monies even if he did apply for them. He expects the school enrollment to increase by 27% for this coming year, and he also expects the total enrollment to exceed 300 pupils within 3-10 years. With this expected increase the enrollment would almost double the original enrollment of the school.

They have planned to add on to the High School but this would not benefit the elementary or the middle schools.

The Plummer Superintendent expressed his feelings of the cooperative effort. They would welcome the tribal students but there would not be any compromises relative to the curriculum or if they would hire the teachers or staff of the Couer D'Alene tribal school. He did mention that if the tribe were to pursue the tribal school concept that he would not stand in their way or attempt to prevent the school's existence.

The Worley Public School is in an entirely different school district, which totally rules them out of this evaluation.

In summary, based on all the individuals involved or contacted, it appears the only viable solution would be a new construction venture.

HOUSING ASSESSMENTS

You have requested an additional $500,000 to develop location-by-location needs assessments of housing furnished for employees by the Interior Departments. The justification stated that the Department must be sure the housing is needed before repairs are budgeted and paid for.

Question: There are 10,000 units of employee housing. What are you going to accomplish with $500,000 dollars?

Answer: The $500,000 will be used for a first phase Departmentwide housing needs assessment. The needs assessment will establish criteria and procedures to ensure that adequate, location-by-location housing needs of Interior employees are met. In 1990 the funds will be used to award a first phase contract to establish criteria to be used in the needs assessment.

Question: Please explain, what is a location-by-location needs assessment of housing? Don't you know where the problem is or are these funds for areas where there currently isn't any housing?

Answer: Housing needs vary with the program goals and objectives of each bureau in the Department because of their different missions. Housing is needed in certain areas, which are usually remote, for school teachers, medical staff, seasonal employees, concession employees, law enforcement officials, and other support staff. Housing inventories range from standard-style family housing and apartments to houseboats, tents, cabins and trailers.

Because of their present age and construction costs associated with housing, many of the units may have outlived their usefulness and functional utility. Older housing is more costly to maintain, and maintenance costs are continuing to escalate as a result of the deterioration. Likewise, due to age, spending on maintenance may surpass rental rates collected. Requests for additional appropriations may be requested to be used to maintain, improve and/or upgrade existing housing. The Department strives to employ individuals with the highest skills so that they can perform their duties in a professional manner, but housing is becoming more and more a concern of employees as the quality of housing is decreasing.

The assessment will: determine whether the housing units are consistent with Departmental guidelines, priorities and individual bureau needs goals and objectives; make independent assessments of present housing conditions and recommendations for future housing needs by location; and review the specific housing needs of employees who are required to serve or protect facilities at various locations.

This needs assessment will also fulfill the requirements of P.L. 88-459 (5 U.S.C. 5911), the Federal Employees Quarters and Facilities Act. This act authorizes government agencies to provide housing and related facilities to their employees only where it is determined by the agency head that necessary service or protection cannot otherwise be rendered, or that inadequate housing exists in the surrounding community.

According to a study done by the Department's Office of Program Analysis in 1987, 34% of BIA's housing is in poor or obsolete condition. A National Park Service (NPS) internal survey points out that 10.5% is in poor or obsolete condition for NPS. And about 4% of other bureaus' housing in the Department is in poor or obsolete condition.

Question: Will this effort hold up the funding provided to the Park Service for housing in FY 1989?

Answer: The request will not hold up funding for the National Park Service for housing in FY 1989.

Question: Since no additional FTEs are requested, what are your plans for these funds?

Answer: The funds requested in the budget are proposed for a contract.

FY 1990 FUNDING FOR THE OFFICE OF THE SECRETARY

The budget request for Salaries and Expenses in the Office of the Secretary shows an increase of $3,674,000 from the 1989 appropriated level.

Question: How do you justify this requested increase in the Office of the Secretary when the overall request for the Department of the Interior and the individual bureaus has decreased?

Answer: Of the increase, $2,299,000 is needed for base adjustments for costs which must be covered. They are non-discretionary costs covering such items as the FY 1990 cost of the 1989 pay raise, an increase in costs for the CSRS/FERS retirement system, and an increase in costs for the Federal Telecommunications System. The Salaries and Expenses request represents just over one percent of the Interior appropriations which come before the Subcommittee. When based on 1981 dollars the total amount requested is actually 8.1 percent less than the amount appropriated in 1981. This reduction holds true even in light of pay raises and increased administrative costs. In addition, since 1981 in almost every functional area there has been a tremendous workload increase because of additional legislation passed by the Congress, Executive Orders, and OMB Circulars. The remaining $1,375,000 is requested for program increases to enhance the Department's capability in such areas as hazardous materials management, regulatory oversight, and aviation safety.

OFFICE OF HAZARDOUS MATERIALS MANAGEMENT

You have requested an increase of $300,000 and four positions for the Office of Hazardous Materials Management. The justification for this office, page SEC-57, seems to duplicate some duties held by the Office of Environmental Project Review, especially concerning responsibility for Superfund activities.

Question: Can you specify the duties of the Office of Hazardous Materials Management where there is a question of an overlapping of responsibility?

Answer: The Office of Environmental Project Review (PEP) is responsible for providing guidance to bureaus on the requirements of the Comprehensive Environmental Response, Compensation and Liability Act. PEP does not attempt to address consistency of treatment of sites nor the priority of site cleanups. The major area of potential overlap is the tracking of sites. This function will be done cooperatively between PEP and the Office of Hazardous Material Management.

Question: Will there be a duplication of effort in this office with the Office of Program Analysis?

Answer: No. The Office of Program Analysis will not perform any of the functions listed for the Office of Hazardous Materials Management.

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Question: What kind of technical assistance will this office provide to the bureaus? Aren't the bureaus already technically capable of carrying out their respective programs?

Answer: Our plan would be, depending on funding availability, to provide for a contract for technical assistance to the bureaus. This technical assistance will be to review studies and cleanup proposals for adequacy and completeness.

Question: The Hazardous Materials Management Advisory Group will provide for oversight of bureau hazardous waste site activities. When was this group established and what are its objectives?

Answer: The Hazardous Materials Management Advisory Group was formally established by Secretarial Order 3130, January 19, 1989. The Group had existed informally since the fall of 1987. The Group was set up to provide oversight and propose policy guidelines for coordination of the Department's hazardous materials activities under the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act as those Acts affect Departmental sites listed on the Federal Facilities Docket or sites where the Department is a potentially responsible party.

OFFICE OF REGULATORY OVERSIGHT

You have requested $600,000 and six positions for the Office of Regulatory Oversight to ensure that regulations developed within the Department of the Interior are given timely and fully coordinated review and are consistent with Administration policies (SEC-93).

Question: How will the Secretary's ability to manage the Department and make decisions be positively affected by this office?

Answer: The major benefit to the Secretary will be the ability to ensure policy consistency internally, an increased knowledge of Interior regulatory activities and a greater focus on regulatory activities of other Federal agencies which may affect Interior's operations. It is important for the Office of the Secretary to be aware of sensitive regulatory issues and to be in a position to address potential conflicts and problems before policies are officially issued.

- Departmental oversight of the development of regulations within Interior will be improved to ensure consistency with administration and Secretarial policies.
- Improved oversight will allow for accurate scheduling of rules for publication in the Federal Register.
- New procedures for reviewing regulations proposed by other Federal agencies will provide a better opportunity to affect the development of regulations by other agencies.

- Interior will be in compliance with OMB's requirements to establish an office of regulatory oversight at the Secretarial level.

OFFICE OF ACQUISITION AND PROPERTY MANAGEMENT

In the FY 1989 Appropriations bill you were directed to prepare for the transfer of responsibility for negotiating indirect cost rates from the Office of the Inspector General.

Question: What progress have you made in this matter?

Answer: The Office of Acquisition and Property Management (PAM) has taken the following steps in preparing for the transfer of the Indirect Cost Rate Negotiation function:

- PAM staff have worked with the Bureau of Indian Affairs (BIA) to arrange meetings and conferences through the BIA Area offices to consult with the Tribes and other Indian entities about the transfer as directed by House Report 100-713 and Senate Report 100-410.

- PAM staff have been meeting frequently with the Office of Inspector General (OIG) headquarters staff developing plans for the transfer. The OIG has made available on a full-time basis one of their staff experienced in indirect cost rate negotiations to work with PAM to facilitate the transfer.

- PAM staff have traveled to the OIG Central Regional office in Denver, the Western Regional office in Sacramento and the Eastern Regional office in Arlington to meet with the OIG staffs there and to assess: the volume and distribution of caseload and numbers of clients assigned to each office; how the offices are organized and the amount of staff resources being allocated to indirect costs activities; the volume of paper files to be transferred; and the automated records in a database and the type of system being used to store and process those records related to indirect cost negotiations.

- PAM staff have met with officials and staff responsible for negotiating indirect cost rates for the Departments of Health and Human Services and Labor, as well as the Environmental Protection Agency. The purpose of those meetings was to assess what staff to caseload ratios those agencies were using; to review the occupational backgrounds being used in staffing this function; and to review how they had organized the function.

- PAM staff attended meetings in Nashville and Albuquerque convened by BIA and the Indian Health Service. The meetings were organized to consult with the Indian Tribes and other entities regarding draft regulations to implement the recent amendments to PL 93-638, the Indian Self-Determination Act. These amendments will directly affect the negotiation of indirect cost rates.

- PAM has drafted and coordinated the paperwork necessary for the Office of the Secretary to issue a vacancy announcement for the

position of Chief of a new Division in PAM that will be responsible for this function.

- PAM has developed and is following a plan for implementing the transfer.

Question: Have you had consultations with the Indian tribes? What responses have you had from the tribes?

Answer: Yes. The entire schedule for these consultations which are being held on an Area office by Area office basis is as follows:

SCHEDULE OF MEETINGS WITH INDIAN TRIBES AND OTHER ENTITIES TO DISCUSS TRANSFER OF INDIRECT COST RATE NEGOTIATION RESPONSIBILITY

DATE	BIA AREA OFFICE
MARCH 13-14	BILLINGS
MARCH 27-28	ALBUQUERQUE
MARCH 29-30	NAVAJO
APRIL 10-11	MUSKOGEE
APRIL 12-13	ANADARKO
APRIL 17-18*	ABERDEEN
MAY 1-2	MINNEAPOLIS
MAY 3-4	EASTERN
MAY 11-12	PORTLAND
MAY 15-16	PHOENIX
MAY 17-18	SACRAMENTO
MAY 22-23	ANCHORAGE

*Rescheduled from March 15-16 due to snow storm.

The response from the Tribes has been that they are pleased PAM staff are meeting with them and that the OIG staff person facilitating the transfer is also attending these meetings. Representatives of the Tribes and other entities have been frank in expressing concerns they have about the transfer. The principal concerns and the PAM responses to them may be summarized as follows:

Concern: Does PAM intend to adhere to the same principles, standards and criteria as the OIG has been using in conducting indirect cost negotiations?

Response: Yes. The principles, standards and criteria for negotiating indirect cost rates apply governmentwide and could not be changed by any one Department, agency or office.

Concern: Is the transfer from the OIG to PAM intended to result in a more stringent application of the criteria, especially the definition of "reasonable costs", as a way to reduce the budget of the Bureau of Indian Affairs?

Response: No. PAM intends to apply the criteria for determining the appropriate indirect cost rates just as it is required by the laws, policies and principles that govern all agencies conducting these negotiations.

Concern: Does PAM plan to have staff in Denver, Sacramento, and Arlington in order to facilitate the negotiations and to have some regional presence to provide technical assistance to the tribes in resolving questions that arise about how to prepare indirect cost proposals?

Response: PAM does not have any existing field offices. The FY 1990 budget provides five FTEs for PAM to conduct these negotiations. The five FTEs necessarily would be located in a single office, most likely in Washington, D.C., in order to manage the staff to meet priorities on a nationwide basis.

Concern: How does PAM believe they can manage the entire indirect cost rate negotiation function with only five FTEs when in some areas the Tribes are accustomed to working with up to five different staff members from the OIG just in relation to the proposals from their Area?

Response: The Department continues to reexamine whether it can manage the indirect cost rate negotiation function properly with five FTEs. It appears that with five FTEs, one of which would be a support person, PAM would have to give indirect cost rate proposals minimal reviews in order to process them as rapidly as possible. PAM could not provide any meaningful technical assistance to the Tribes or other entities on preparing indirect cost rate proposals. This would be a disadvantage to tribes, Alaska Native organizations, or other entities, especially those that are new to negotiating such rates.

The current estimate of the number of indirect cost rate proposals PAM would be responsible for negotiating in FY 1990 is 400 or an increase of 89 above the number now estimated to be negotiated in FY 1989. Almost all of this estimated increase is related to implementation of PL 93-638, the Indian Self-Determination Act amendments. There could be an increase above 400, perhaps by another 30 to 50 proposals, as a result of continued implementation of the Office of Management and Budget January 1986 assignment to the Department of the Interior for negotiating all indirect cost rate proposals by Tribes. Since January 1986, responsibility for negotiating about 16 proposals already has been transferred to Interior from other agencies as a result of this OMB assignment.

Based on the estimate of 400 proposals, each PAM negotiator would be responsible for negotiating 120 or more indirect cost rate proposals in FY 1990. The chief of the office would have some proposals to negotiate but principally would be responsible for directing the operation, representing the Department in interagency policy and procedures deliberations, and handling the resolution of major policy or procedural issues affecting the negotiations.

Even at the FY 1989 level of 311 proposals to negotiate, the PAM negotiators would have a caseload of about 80 per negotiator. This is far in excess of the FY 1987 caseloads for Health and Human Services negotiators

(32), Department of Labor (30), and Environmental Protection Agency (30). Caseloads are based on total staff estimated by the agencies for this function, including managers, negotiators and support staff.

Concern: Many of the Indians have proposed that Congress should delay the reassignment of responsibility until:

- Consultation with the Tribes has been completed.
- A full plan has been developed which includes adequate staffing and funding to carry out the function.
- The Secretary publishes notice of the proposed organizational change, the function and duties of the office which will have the responsibilities and the intent of the Secretary to adhere to the spirit and intent of the Indian Self-Determination Act, with respect to the indirect cost rates.

Response:

- The consultations with the Indians are scheduled to be concluded before June 1. PAM has developed a good basis for determining what would constitute adequate staffing and funding for FY 1990.
- Publication of the notice of the proposed organizational change, and the function and duties of the office is planned for later this summer.
- Changing the responsibility for carrying out negotiations of indirect cost rates does not in any way indicate that the Department is any less interested in the spirit and intent of the Indian Self-Determination Act. In fact the new Secretary is committed to working with Native Americans to promote economic development, improved educational opportunities, and other measures to enhance their quality of life. Every Bureau and Office in Interior has a responsibility to see that issues and concerns affecting Native Americans receive special attention.

Question: Will there be any changes to the function as a result of this transfer?

Answer: With five FTEs and $250,000 available to PAM for this function in FY 1990, there may be some changes in the function including: (1) greater efforts to negotiate multi-year rates; (2) no longer providing technical assistance to Tribes and other entities; (3) reviews to be based on proposals as submitted to the central offices since travel funds will be minimal; and no field offices.

Question: Will your request of an additional $175,000 and four positions be sufficient to accomplish the tasks associated with this function in 1990.

Answer: With five FTEs we will be able to accomplish the tasks as set forth above. We are currently developing an alternative estimate for

this function and will be happy to provide it to the Subcommittee when it is completed.

OFFICE OF PERSONNEL

You have requested an increase of $100,000 and one position to provide for Departmental oversight of the PAY/PERS system (SEC-71).

Question: Why is this position needed?

Answer: The Department of the Interior and user bureaus and agencies have committed a significant investment of funds and resources to the development of the Federal Payroll/Personnel System (FPPS). The Office of Personnel function will be staffed conservatively with heavy dependence on the use of ad hoc task groups and resources to accomplish resource intensive projects. The establishment of a single oversight position is critical to DOI objectives to assume a leadership role in development of a governmentwide personnel/payroll system.

Question: What work will be done that is not now being performed?

Answer: The additional staff person will be the Departmental personnel focal point for the new Federal Payroll/Personnel System (FPPS) system. The development of personnel functional requirements for the new FPPS system requires the coordination of multiple task groups to ensure the new system meets the needs of all DOI bureaus and other user agencies. The incumbent will also represent the Department in meetings, conferences and negotiations with other Federal agencies and make presentations to officials from other agencies interested in personnel/payroll servicing by the DOI/FPPS system. The incumbent will also advise the Director of Personnel and other PBA staff officials on the development of personnel system policy and long-range personnel system planning.

OFFICE OF FINANCIAL MANAGEMENT

The Office of Financial Management has initiated several major financial improvement projects which have generated substantial savings. In FY 1989 this Office's base budget was reduced by $50,000.

Question: What is your reaction to this reduction?

Answer: In view of the record, we were surprised by the $50,000 reduction, for which there was no justification. The reduction has forced the Office to hold open positions in order to cover its operating expenses since its budget is so highly salary-intensive. If it had the additional $50,000, it could either intensify the efforts in the areas in which it has previously provided leadership, or it would undertake new efforts to improve departmental financial management.

Question: What are some accomplishments of this office? Has this office saved the government any money?

Answer: The Office of Financial Management (PFM) has been a leader in the Department's management improvement efforts. First, it has been responsible for the Department's move to improve its accounting systems. This involved physically consolidating the multiple accounting locations in Reclamation, Indian Affairs and the National Park Service, and moving the Department toward one standard accounting system. Second, the Office has an oversight role relating to the payroll portion of the new payroll/personnel system under development. Third, PFM is considered one of the governmentwide leaders in the area of cash management, having saved Treasury approximately $28.6 million over the period 1983 through 1988, with $6 million in savings in 1988 alone. Fourth, the Office initiated a study of unemployment compensation which resulted in improved procedures and the use of contractual assistance in the program. The contractor receives bi-weekly payroll tapes, compares bills rendered by states for validity, reviews claims and recommends appeals, etc. These efforts have yielded approximately $5 million in savings between January 1986 and the end of FY 1988 (with savings continuing at the rate of approximately $100,000 per month). Fifth, the Office performed the first departmentwide analysis of overtime costs, which led to process changes and an overtime reduction of $10.9 million in FY 1987 and FY 1988. Sixth, the Office is currently completing a review of the workers compensation process which has saved about $800,000 in FY 1988 and is expected to yield savings of $1-2 million per year in the future.

Previously, this Office led a governmentwide review of the implementation of the Federal Managers Financial Integrity Act (FMFIA), which led to revising OMB Circular A-123, making the FMFIA review and evaluation process less paper intensive, making the process more meaningful to program managers, and redirecting the audit emphasis to assure the identification of all material weaknesses (rather than auditing the process). The Office also has headed the effort to improve debt collection in the Department and has coordinated the implementation of a departmentwide relocation service contract.

This provides a sample of the leadership activities of the Office. The summary table below shows that quantifiable savings of $12.4 million resulted from its efforts in FY 1988, with cumulative savings of $45.5 million since the inception of the various activities.

Summary of Quantifiable Savings
($ in millions)

	FY 1988	Cumulative*
Cash Management	$ 6.0	$28.6
Overtime Reduction	4.2	10.9
Unemployment Compensation	1.4	5.0
Workers Compensation	0.8	1.0
TOTAL	$12.4	$45.5

*Covers different fiscal years depending on projects

OFFICE OF AIRCRAFT SERVICES

Recent management reviews and studies accomplished by both OAS internal teams and outside management review groups, including the Department's Inspector General, have identified the need for a more involved aviation safety effort by OAS at the field user level within DOI (SEC-109).

Question: What was the safety record for FY 1988?

Answer: In FY 1988 there was a total of six DOI aircraft accidents with no fatalities.

In FY 1987 there was a total of six DOI aircraft accidents; one was a fatal accident with two fatalities. There was also one non-DOI aircraft accident in which one DOI employee was killed; he was a passenger in a state aviation program aircraft.

In FY 1986 there was a total of thirteen DOI aircraft accidents; three were fatal accidents with fourteen fatalities.

Question: Why are you seeking the additional positions?

Answer: Various management reviews recommended additional staffing within the safety office if the prevention program was to receive the attention necessary to establish a proactive effort toward further reduction in aircraft accidents.

Question: What specifically will these positions do to enhance prevention efforts?

Answer: The positions will be in both the Aviation Safety staff group and the Aviation User Safety Training Branch. All three of the employees will be used to enhance the DOI aviation accident prevention effort. Those areas of accident prevention which will directly be affected are the ability: to provide more direct in-field accident prevention support to the bureaus; to provide additional technical expertise and assistance in the aviation safety service support role to the department; and, to add increased emphasis toward mid- and upper-level aviation resource managers' awareness of accident prevention techniques and procedures through a more aggressive education program from the Safety Office at OAS.

The Training Branch is involved daily with the DOI employees who use aircraft in the day-to-day accomplishment of their respective resource programs to meet the various statutory mandated resource management responsibilities the bureaus of the Department must address. These resource managers are generally not pilots. They are the thousands of DOI employees who use (ride in) the over 3,000 aircraft that OAS has under formal contracts or less formal rental agreements. These DOI managers have a substantial impact on the safe and efficient use of these commercially procured aviation services. The OAS Training Branch is their source of information and training to assist them in promoting aviation safety within DOI.

BASE ADJUSTMENTS

The Office of the Secretary is requesting $2,299,000 for base adjustments in the 1990 budget.

Question: What will these funds be used for?

Answer: Funds for the base adjustments will be used to cover the full-year cost of the January 1989 payraise and other adjustments for pay related items ($1,827,000), increased FTS charges ($126,000), increased costs for Workers' Compensation payments ($29,000), and increased Working Capital Fund charges ($565,000), for the Office of the Secretary's share of the cost for conversion to the Department's standard accounting system commonly referred to as FFS (Federal Financial System) and for major acquisition and start-up costs for the Washington Interagency Telecommunications System (WITS), the GSA-provided computerized telephone system. These increases are partially offset by a decrease in rental payments to GSA (-$248,000).

Question: Why is this request important in 1990?

Answer: These costs are all required payments that cannot be dismissed. The base adjustments are necessary to prevent funds from being redirected from other purposes which would disrupt the mission of the Office of the Secretary. This Office does not have the flexibility to transfer funds from other areas to cover these nondiscretionary cost increases.

OFFICE OF THE SOLICITOR

STATEMENT OF RALPH W. TARR, SOLICITOR

ACCOMPANIED BY:

HOWARD H. SHAFFERMAN, DEPUTY SOLICITOR

DENNIS DAUGHERTY, ASSOCIATE SOLICITOR, INDIAN AFFAIRS

CAROL A. CLANCY, ASSOCIATE SOLICITOR, SURFACE MINING

MARTIN J. SUUBERG, ASSOCIATE SOLICITOR, CONSERVATION AND WILDLIFE

TIMOTHY S. ELLIOTT, ACTING ASSOCIATE SOLICITOR, GENERAL LAW

THOMAS E. ROBINSON, ASSOCIATE SOLICITOR, AUDIT AND INVESTIGATION

PAUL B. SMYTH, ACTING ASSOCIATE SOLICITOR, ENERGY AND RESOURCES

TERRANCE C. WILES, DIRECTOR OF ADMINISTRATION

ANTHONY L. ITTEILAG, DIRECTOR OF THE OFFICE OF BUDGET

BUDGET REQUEST

Chairman BYRD. We will now turn to the Office of the Solicitor.

The fiscal year 1990 budget request for the Office of the Solicitor is $25,325,000, an increase of $639,000, or 2.6 percent above the fiscal year 1989 appropriations.

Mr. Tarr, would you please introduce yourself and submit your statement for the record in its entirety, and you may capsulate it, if you like.

[The statement follows:]

STATEMENT OF RALPH W. TARR

Mr. Chairman and Members of the Subcommittee, I appreciate this opportunity to appear before you to discuss the Fiscal Year (FY) 1990 request for the Office of the Solicitor.

Our request for FY 1990 totals $25,325,000 and 363 full-time equivalent positions (FTE's). This is an increase of $639,000 and 2 FTE's above our FY 1989 Appropriation. The increase includes base adjustments consisting of: decreased Workers Compensation costs ($92,000); increased FERS costs ($218,000); increased rental payments to GSA ($27,000); increased Departmental Working Capital Fund costs ($222,000); the additional quarter's cost of the January 1989 pay increase ($191,000) and additional funding ($73,000) for 2 positions funded for less than a full year in FY 1989.

The FY 1990 level of FTE's reflects the absorption of increased pay costs and my commitment to staff the Office of the Solicitor at an employment level fully supported by its appropriation. I am aware of and fully support the Subcommittee's desire that the Office operate solely on funds specifically appropriated to it.

Accordingly, the FY 1990 budget request for the Office of the Solicitor provides adequate funding to support 363 FTE's and their related costs. I would like to take this opportunity to stress the fixed cost nature of our Office. The Office of the Solicitor is a salary-intensive office with approximately 95% of its budget allocated to personnel costs, including the increased costs associated with the Federal Employees' Retirement System, and other uncontrollable fixed costs, such as GSA space, FTS costs, legal books and subscriptions. This staffing request is the minimum necessary to continue providing quality legal services to the Department.

Thank you for your consideration, Mr. Chairman. I will be happy to answer any questions from the Subcommittee.

BIOGRAPHY OF PAUL B. SMYTH

Paul B. Smyth is the Deputy Associate Solicitor for the Division of Energy and Resources and is serving as the Acting Associate Solicitor for that Division. He was formerly the Assistant Solicitor, Land Use. Mr. Smyth came to Interior out of law school in 1974. He holds a J. D. degree from Boston College Law School and a B.A. degree from Trinity College, Hartford, Connecticut. Mr. Smyth is admitted to the Connecticut and District of Columbia Bars.

BIOGRAPHY OF MARTIN J. SUUBERG

Martin J. Suuberg was appointed Associate Solicitor for the Division of Conservation and Wildlife on May 23, 1988.

From December, 1986 to May, 1988, Mr. Suuberg served as the Special Assistant to the Solicitor. Previously, Mr. Suuberg served as Administrative Assistant to Congressman William Carney of New York. Mr. Suuberg is a member of the Bar of the District of Columbia Court of Appeals, and admitted to practice before the United States Court of Appeals for the First Circuit.

Mr. Suuberg is a graduate of Brown University and received his Juris Doctor Degree from the Georgetown University Law Center.

INTRODUCTION OF ASSOCIATES

Mr. TARR. Thank you, Mr. Chairman. I appreciate the opportunity to appear before you today concerning our budget. I have with me the Deputy Solicitor, Howard Shafferman; the Associate Solicitor for Indian Affairs, Dennis Daugherty; the Associate Solicitor for Surface Mining, Carol Clancy; the Associate Solicitor for Conservation and Wildlife, Martin Suuberg; Acting Associate Solicitor for General Law, Timothy Elliott; Associate Solicitor for Audit and Investigation, Thomas Robinson; Director of Administration, Terrance Wiles; and, of course, Mr. Itteilag, Director of the Office of Budget. And Paul Smyth is Acting Associate Solicitor for Energy and Resources.

Chairman BYRD. You turned out en masse. Who is keeping the store? [Laughter.]

Mr. TARR. It is in good hands, I think.

Chairman BYRD. The National Park Service has provided loans of $9.5 million for the Wolf Trap Foundation, for the rebuilding of the Filene Center at Wolf Trap Farm Park. I have never been out there.

Mr. TARR. It's a beautiful setting.

FILENE CENTER—WOLF TRAP

Chairman BYRD. I understand that legislation authorizing the loans required that the loans be repaid not later than 5 years after they have been made.

Your budget justification on page 30 indicates that the loans are due on November 23, 1988.

What is the status of the Wolf Trap Foundation loan?

Mr. TARR. My understanding is that the Park Service has been discussing possible legislation with regard to that. I am a little out of touch. Perhaps my Associate Solicitor for General Law can tell us more specifically what the state of the client's thinking is.

Mr. ELLIOTT. The Park Service has made a demand on the Wolf Trap Foundation for repayment of the loan. We have held discussions with their counsel, who have indicated the Foundation does not have the money to repay the loan and counsel has indicated to us that he is going to seek some sort of legislative solution to their problem.

Chairman BYRD. What advice have you given the National Park Service with regard to the past due loans?

Mr. TARR. They have every right to collect it and ought to proceed to make demand for it, which we have, and to pursue their rights.

Chairman BYRD. What was the nature of the agreement, the settlement agreement with the Foundation?

Mr. TARR. There was a settlement of the Foundation's lawsuit against various parties involved in designing originally and constructing the Filene Center.

We made a rather strong demand that the funds that went to Wolf Trap Foundation in that situation not go to the Center, but go to us in the first instance. There was a portion of that agreement, in which I recall a portion of the interest that was due and owing

on the loan was rolled into the original amount of the loan, the one that you have just mentioned.

Mr. Elliott can correct me if I have left any of the important details out.

Mr. ELLIOTT. That is correct. It was basically a settlement with the Foundation based in part on agreements that they had with contractors as part of their private lawsuit.

We received a little over $1 million in principal from an additional loan that had been made by the United States.

Mr. TARR. We pushed rather hard on that to make sure that the U.S. Government got a share of that settlement money, and that it not go into simply operating expenses.

WILLIAMS CENTER TRUST AT MANASSAS, VA

Chairman BYRD. Your budget on page 31 indicates that your office is assisting the National Park Service on a wide variety of legal issues generated by the legislative taking of the Williams Center at the Manassas Battlefield.

Several residents were inadvertently included in the taking.

What other legal issues are involved?

Mr. TARR. There is the entire question following the statutory scheme as to the time for appraisal, time for negotiation of a possible agreement, and then the filing of the condemnation action to effect compensation for the land.

It is the usual kind of responsibility that we have in assisting them in acquiring property.

Chairman BYRD. If the residences are to be removed from the taking, will Federal legislation be required?

Mr. TARR. That is our belief at this time, Mr. Chairman. We are looking for some other authority but do not believe at the moment that we have found any that is satisfactory. The legislation itself affected essentially the transfer of that land to the United States.

FUNDING FOR THE SOLICITOR'S OFFICE

Chairman BYRD. In fiscal year 1989, the Solicitor's Office requested an increase of almost $2.3 million in order to fully support the staff of the office.

This increase was requested at least in part because of the subcommittee's concern that the Solicitor's Office was billing other bureaus in the Department in order to cover budget shortfalls.

The Congress appropriated an additional $1.6 million to the Solicitor's Office in fiscal year 1989, and the Senate report stated that the:

> Committee believes that funding the Office of the Solicitor at this level will obviate the need for the Office to seek supplementary funding from its client bureaus in the Department.

Has the Solicitor's Office billed any bureaus for work performed so far in fiscal year 1989?

Mr. TARR. No, Mr. Chairman; the only kind of arrangement that we have, of that kind, is the usual kind of Economy Act type of situation where we may do reimbursable type work. But that is a very minor matter.

I am particularly dedicated to this committee's view that we should be operating solely on our own budget. It didn't make my clients particularly happy when I first arrived at the Office. It left us without the funds we needed to really do a lot of our work.

ABANDONED MINE LAND FUNDED POSITIONS

But we have stuck with that entirely. There is one matter that I understand was brought up recently in the House Committee which involves the funding of some abandoned mine land fund positions. There are 12 positions that have always been funded out of the abandoned mine land reclamation fund. That is an appropriation that was made out of the fund by Congress. It was always simply carried on the OSM books throughout the time I have been Solicitor. But, essentially, my understanding is that the committee has always been aware that that has been there, and it is a question of where that shows up in the appropriations.

REIMBURSEMENTS

Chairman BYRD. Do you anticipate making any billings during the remainder of fiscal year 1989?

Mr. TARR. No, Mr. Chairman. That is very strongly against my management directives for the Office.

Chairman BYRD. So your fiscal year 1990 request is sufficient so that you do not anticipate having to request reimbursement from your client bureaus in fiscal year 1990?

Mr. TARR. I would point out that it is important that we obtain the funding that we are requesting, having been through a period of time when I first came to the Office that we were being told by our clients very vociferously that we were not serving their needs and did not have the funds to travel, and so forth, that we needed.

Without that kind of reimbursement, it is important that we be able to carry on at the requested level.

Chairman BYRD. For the record, would you please provide a listing by Bureau of the reimbursements you received in fiscal year 1987-88?

Mr. TARR. I would be glad to, Mr. Chairman.

[The information follows:]

REIMBURSABLE AGREEMENTS

The Office of the Solicitor agrees with the Committee's views that we operate solely within our appropriation. To this end, the Office did not receive any reimbursements in fiscal years 1987-88.

OILSPILL IN ALASKA

Chairman BYRD. Is your Office providing any services to other agencies in the Department regarding the recent oilspill? By the tanker *Exxon Valdez*?

Mr. TARR. We are actively involved in that matter with the various portions of the Department that have responsibility—the Office of the Secretary, the Fish and Wildlife Service, the Bureau of Land Management—I think those are the key portions of the Department at the moment. We are on our own looking quite strenuously at what rights we may have to seek recovery from any responsible

parties for the full array of clean-up of wildlife to degradation of any of the land areas.

Most of the land areas, as you know, are owned by the Forest Service. So we have a very small role in that.

OILSPILL—DAMAGES TO FEDERAL LANDS

Chairman BYRD. What do you think your prospects are?

Mr. TARR. I think they are excellent. We are already underway to start the process of determining what our damages are through the natural resource damage assessments that are done for recovery of damage to wildlife.

Our understanding is that Exxon has acknowledged responsibility financially and we have given advice to our clients to take great care in documenting the costs that they are incurring because of the spill.

Chairman BYRD. What, if any, action is the Department considering to recover damages to Federal lands as a result of this oilspill, such as the Kenai Fjords?

Mr. TARR. I'm not specifically familiar with the amount of damage to the Kenai Fjords at this point, but I can say that we have been in touch with the Justice Department and are meeting with them today, as a matter of fact, and other interested agencies that do have land and fish and wildlife interests in the area, and are taking our list of statutes we have generated that we believe provide us with a basis for recovery and are starting to talk about how we are going to package that as a Government.

Justice will have the lead on that, but we feel very strongly that this is something that cannot be tolerated and we will aggressively pursue it.

Chairman BYRD. Would payment from Exxon go to the general fund of the Treasury or directly to the Department for recovery?

Mr. TARR. It depends on the nature of the authority. I think that both of the authorities would require that the gross receipts of the Treasury receive the funds.

There are some kinds of authority that we have that are much more limited for certain kinds of clean-up, and, so forth, that can come back specifically to the Bureau's budget. But those are relatively more minor.

Now, if anybody wants to give me an update on what we have been finding—but I think that is essentially true.

Some of the other agencies, I might say, have other kinds of arrangements. We have working arrangements, for example, with the Forest Service. So it is possible that we may be doing some kind of support service for the Forest Service that then we would be reimbursed through that.

It depends on the kinds of arrangements that may be necessary to get the job done.

Chairman BYRD. Do you think we may need some draft legislation? That we would need some legislation?

Mr. TARR. For this particular situation?

Chairman BYRD. So that instead of the money going to the general treasury, it would permit the Department to use the money directly?

Mr. TARR. We are concerned about that and that is one of the issues that we have been providing advice to the various bureaus on. And I'm sure that if they feel that they are going to have to expend such an amount of their budget that it will seriously affect their programs and that they cannot receive anything from Exxon directly, I am sure that they will be asking our assistance in drafting that legislation.

Chairman BYRD. So you would be preparing draft legislation?

Mr. TARR. We at this point have not started because we're not confident at this point that that will be the case with any of our bureaus. But, certainly, that is an issue that we have been facing quite directly.

Chairman BYRD. Very well. I thank you for your testimony. You had me outnumbered here today.

Mr. TARR. We wish to be helpful, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Chairman BYRD. You are. There will be some additional questions that we will submit for your response.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MCCLURE

FOGRMA

Question: The Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA), authorized the sharing of interest for onshore oil and gas leases on public domain lands. FOGRMA was silent on the sharing of interest payments accruing on royalties from leased minerals other than oil and gas. Irrespective of FOGRMA, however, the Department made it a practice to share late interest payments on all minerals.

Since FOGRMA was silent with respect to minerals other than oil and gas, in July of 1988 the Department--acting on advice from the Solicitor--stopped the sharing of interest MMS receives on solid minerals, geothermal leases, public domain oil and gas leases for time periods prior to FOGRMA's enactment.

To correct this problem, language was included in the FY89 Interior Appropriations Act which prohibited the Secretary from recouping any portion of late payment interest paid prior to September 30, 1989.

This language was designed to prohibit recoupment of interest paid through the end of the current fiscal year.

It is my understanding that the Department feels this language was adequate to prohibit the recoupment of any interest paid, but does not feel the language is adequate to continue sharing interest payments on minerals other than oil and gas.

Is that accurate?

Has the Solicitor analyzed this language or rendered an opinion since enactment of this bill?

Answer: The language included in the FY 1989 Interior Appropriations Act is found at section 324 of that statute. It provided:

> The Secretary of the Interior shall not recover or recoup any portion of late payment interest paid to the United States which is paid or distributed to any State or other recipient of Federal mineral lease revenues prior to September 30, 1989, except for amounts paid in connection with royalties or other revenues subsequently determined to be not owing to the United States.

It is true that this provision was not adequate to authorize sharing late payment interest paid by lessees and other royalty payors for minerals other than oil and gas from leases on public domain lands, or for any minerals (including oil and gas) from leases on acquired lands. The provision contained no language authorizing such disbursements or providing for appropriation of those revenues for that purpose. However, the problem was solved with enactment on October 24, 1988, of section 7 of the Congaree Swamp National Monument Expansion and Wilderness Act, Pub. L. 100-524, 102 Stat. 2607. It provides:

> LATE PAYMENT CHARGES UNDER FEDERAL MINERAL LEASES
>
> (a) DISTRIBUTION OF LATE PAYMENT CHARGES. Any interest or other charges paid to the United States by reason of the late payment of any royalty, rent, bonus, or other amount due to the United States under any lease issued by the United States for the extraction of oil, gas, coal, or any other mineral, or for geothermal steam, shall be deposited in the same account and distributed to the same recipients, in the same manner, as such royalty, rent, bonus, or other amount.
>
> (b) EFFECTIVE DATE. Subsection (a) shall apply with respect to any interest, or other charge referred to in subsection (a), which is paid to the United States on or after July 1, 1988.

(c) PROHIBITION AGAINST RECOUPMENT. Any interest, or other charge referred to in subsection (a), which was paid to the United States before July 1, 1988, and distributed to any State or other recipient is hereby deemed to be authorized and approved as of the date of payment or distribution, and no part of any such payment or distribution shall be recouped from the State or other recipient. This subsection shall not apply to interest or other charges paid in connection with any royalty, rent, bonus, or other amount determined not to be owing to the United States.

Under this law, the Department will now disburse all late payment interest from federal mineral leases to the same recipients and in the same proportions as the principal royalties or other revenues with respect to which such interest was paid, regardless of the type of mineral or category of land involved.

Wetlands

Question: One of the objectives of the new Administration is a "no net loss" of wetlands.

Will this objective change the activities of the Solicitor's office?

Answer: The Solicitor's Office attorneys render legal advice respecting policy proposals and determinations, including wetlands policy, from inception through implementation to achieve missions and goals of the Department. The Secretary is the primary client of the Office and sets the policy direction and priorities for the Department. The activities of the Solicitor's Office will depend on the manner in which the Secretary implements the wetlands policy. Currently, the new Administration's objective of "no net loss" of wetlands is being implemented in an array of programs, including the Fish and Wildlife Service's conservation easement program with Farmers Home Administration, the Service's Conservation Reserve Program with the Soil Conservation Service, among others. In these and other programs, Interior agencies request the assistance of the Solicitor's Office in advising them on the legal aspects of these programs and how best to fulfill the Administration's goal.

OCS Five-Year Plan

Question: The Department is in the process of putting together the next five-year OCS oil and gas leasing schedule. In the past, the Office of the Solicitor has provided advice to the Minerals Management Service concerning the five-year plan. How do you see your efforts changing, if at all, with the next five-year plan?

Answer: Our efforts will not change in kind, but may change in degree depending on the size of the program. The Office provided extensive review of the Service's draft decision documents on the last five-year schedule. We anticipate that the next schedule will receive at least as much scrutiny.

Florida OCS

Question: Section 110 of the Public Law 100-446, the FY89 Interior Appropriations Act, prohibited the use of funds by the Department of the Interior to conduct leasing, or to approve or permit any drilling or other exploration activity in certain areas of the Eastern Gulf. Essentially this language prohibited drilling of existing OCS leases for which nine companies paid over $100 million. Have you analyzed that language to determine what, if any, financial exposure the Department has in this instance?

Answer: We have analyzed the possible legal theories on which the lessees might seek damages from the Treasury. This analysis is summarized in a memorandum of the Associate Solicitor, dated June 13, 1988 (enclosed). We have not estimated the financial exposure of the Treasury. In any litigation, it is likely that the lessees would seek damage well in excess of the amounts paid in bonuses to obtain the leases.

Water Rights

Question: During the 100th Congress, three water rights settlements were enacted. These settlements authorized payments to tribal trust funds established by each Act totaling $97 million in FY 90. The budget request for these settlements, however, totals only $15 million.

How would the settlement agreements be impacted if Congress only appropriated the $15 million requested?

In your involvement in these settlements, and especially in administrative settlements where legislation is not required, how do you advise Bureaus with respect to the funding of the agreements?

Answer: Neither the legislative language nor the settlements themselves require the Department to seek the necessary development funds in FY 1990, certainly not the $97 million in question. For example, the San Luis Rey Indian Water Rights Settlement Act provides for a fund of $30 million, for which the Tribe would receive interest until they receive full payment. The San Luis Rey legislation contains express language in Section 111 conditioning payments on the availability of appropriations.

The Colorado Ute Settlement Act calls for a schedule of payments to be made over a three year period. Like the San Luis Rey Act, this Act is also subject to appropriation.

Similarly, under the time table set forth in the Salt River Settlement Act, there is no requirement that the full amount authorized under the Act be appropriated in FY 1990.

Therefore, no penalties or forfeitures will accrue for failure to appropriate $97 million in FY 1990.

In negotiating settlements, we are mindful of Congress' responsibilities for appropriation and authorization, and of the need for Congressional ratification, under the Non-Intercourse Act, of provisions involving Indian leasing of water to non-Indians, a not uncommon provision in Indian water rights settlements. Therefore we generally advise the Bureaus not to include provisions which might be read to require Congress to appropriate money, and to include language which provides for the uncertainties inherent in the appropriations process.

I am aware of no administrative water rights settlements where the Department has agreed to provide funding. Indeed I am aware of no such settlements where legislation is not required.

LETTER FROM THE OFFICE OF THE SOLICITOR

MMS.ER.0703

To: Assistant Secretary, Land and Minerals Management

From: Associate Solicitor, Energy and Resources JAN 13 1989

Subject: Potential Liability of United States Treasury if Congress Enacts Language Prohibiting the Secretary from Approving Lease Operations in the Eastern Gulf of Mexico

Staff of the Senate Appropriations Committee's Subcommittee on Interior and Related Agencies has asked for a written summary of the potential liability of the United States if Congress were to prevent the Secretary from approving plans or activities on Outer Continental Shelf leases in part of the Eastern Gulf of Mexico planning area south of 26 degrees North latitude. At the outset,

I must express my misgivings about preparing such a document. It could serve as a blueprint for litigation against the Federal Government by those lessees and could be used against us at trial. Nevertheless, the "moratorium" language currently under discussion would create a risk of liability under two distinct legal theories.

The first theory could be that the United States has breached the lessee's rights under its lease, a theory not to be confused with a "taking" of the lessee's property. The breach-of-lease theory is illustrated in the case of Sun Oil Co. v. United States, 572 F.2d 786 (Ct. Cl. 1978). There the Court noted that, although the company's lease rights were qualified by the Secretary's extensive authority to regulate them to protect the environment, the United States still "would have to respond in damages for unbridled, unjustified, and unreasonable interference with plaintiffs' lease rights." Id. at 802. The Court found that the Secretary had unreasonably delayed his approval of the installation of Platform Henry in the Santa Barbara Channel. Subsequently, the United States settled the claim of breach for over $13 million.

When the Court of Claims decided Sun Oil, no statute set any deadline by which the Secretary was to approve or disapprove OCS plans. Our concern is heightened now because Congress, in the 1978 amendments to the OCS Lands Act, spoke directly to the issue of how long a review of an exploration plan should take. In section 11(c), 43 U.S.C. 1340(c), it requires the Secretary to act on an exploration plan "within thirty days of its submission." It is possible, for example, that a court could conclusively presume delays longer than 30 days to be unreasonable, exposing the United States to liability for a lessee's losses from delay. This liability need not be limited by how much the lessee paid in bonuses to obtain the lease, or by what we consider the undiscovered resources of the lease to be worth.

The second theory could be that the United States had taken, or at least temporarily or partly taken, the lessee's lease rights by completely prohibiting the conduct of operations during the period of the moratorium. See Sun Oil, supra, at 818 (outlining law on partial and temporary takings). In Renenson v. United States, 548 F.2d 939 (Ct. Cl. 1977), the court ruled that, based on all the actions of its officers and branches, the United States had taken the plaintiffs' property through "inverse condemnation." Included among those actions were two years of Congressional moratoria preventing the plaintiffs' from any remodeling or construction on their property. Id. at 944-46.

Prior to the 1978 amendments, the courts had rejected claims that the Secretary's conduct had "taken" OCS lease rights on the ground that Congress had not delegated to the Secretary the eminent domain power to cancel leases. See, e.g., Union Oil Co. v. Morton, 512 F.2d 743, 750-51 (9th Cir. 1975). That point might no longer be available to us as a defense. The 1978 amendments expressly give the Secretary the power to cancel a lease upon payment of proper compensation. 43 U.S.C. 1334(a)(2).

Nor do the provisions of the leases in question specially reserve to the United States the right to delay approval of activities because of a lack of appropriations. The final notices of sale for Sales 79 and 94 merely advised lessees that no drilling permits would be issued until after the completion of certain oceanographic and biological studies. The Minerals Management Service advises me that those studies have been completed.

In sum, it is not possible to say whether these theories or our defenses to these theories would prevail. The risks presented, however, are not trivial.

Tom Sansonetti

Thomas L. Sansonetti

OFFICE OF THE INSPECTOR GENERAL

STATEMENT OF JAMES R. RICHARDS, INSPECTOR GENERAL

ACCOMPANIED BY:

ANTHONY L. ITTEILAG, DIRECTOR OF BUDGET

JOYCE N. FLEISCHMAN, DEPUTY INSPECTOR GENERAL

HAROLD BLOOM, ASSISTANT INSPECTOR GENERAL FOR AUDITS

THOMAS T. SHEEHAN, ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS

WILLIAM L. DEAN, ASSISTANT INSPECTOR GENERAL FOR ADMINISTRATION

PREPARED STATEMENT

Chairman BYRD. And we will now turn to the Office of the Inspector General.

The inspector general for the Department of the Interior, James R. Richards, will be testifying now. The fiscal year 1990 budget request for the Office of the Inspector General is $20,595,000, an increase of $1,846,000, or 9.8 percent above the fiscal year 1989 appropriations.

Mr. Richards, please introduce your associates if you would like and summarize your written statement if you desire, or read it in its entirety, whichever. It will be included in either event.

Mr. RICHARDS. Thank you, sir.

Sitting behind me here are my Deputy, Ms. Joyce Fleischman; my Assistant Inspector General for Administration, Mr. William Dean; my Assistant Inspector General for Audits, Mr. Harold Bloom; and Assistant Inspector General for Investigations, Mr. Sheehan.

And of course Mr. Itteilag from the Office of Budget, as always.

And I will submit my statement for the record and just give a brief highlight of it.

[The statement follows:]

STATEMENT JAMES R. RICHARDS

Mr. Chairman, members of the Subcommittee, I appreciate this opportunity to discuss the proposed fiscal year 1990 budget for the Office of Inspector General. As you are aware, this Office was created under the Inspector General Act of 1978 to promote economy and efficiency and to detect and prevent fraud and waste in Departmental programs and operations. We also provide a means to keep Department heads and the Congress fully and currently aware of problems and deficiencies disclosed by our audit and investigative efforts.

Our fiscal year 1990 budget request is $20,595,000. This represents a net increase of $1,846,000 over fiscal year 1989. This increase is primarily requested to support three important needs.

First, change of station moves will be required for both audits and investigations at a combined cost of $1,100,000. The Office of Inspector General is uniquely impacted by these costs. Approximately 20 percent of our audit employees are located in the territories on a 3-year agreement, and at the completion of that agreement, we are required to return them to a duty station within the United States. There will be 17 people eligible to relocate to the United States in 1990, and we estimate that 8 people will exercise that option. Our request of $839,000 for audit change of station moves will allow us to relocate these 8 persons as well as to provide 8 replacements needed to maintain the level of audit effort required in the territories. Thus, we will be required to move 16 auditors. Our request for $261,000 for change of station moves in investigations is based upon returning to the United States an investigator assigned to Saipan and replacing that employee; and reacting to changing trends in the patterns of criminal frauds and by the demands of various U.S. Attorneys, each requiring permanent change of station relocation. The most dramatic evidence of the critical need for this flexibility can be seen in the patterns of the last two years. In that period, we have opened 4 field offices in response to the changing patterns in our criminal caseload. In two areas, Montana and South Dakota, we were obtaining such substantial numbers of criminal indictments that travel and TDY costs made suboffices essential. In the two other areas, Louisiana and Arizona, major investigations required a full time presence. The subsequent shift in direction has resulted in several promising investigations, but the personnel costs associated with such shifts are substantial. In the last several years, we have paid for these substantial costs out of our salaries and travel accounts, thus reducing the number of auditors and investigators we are able to employ.

Second, we are seeking $230,000 to purchase laptop and desktop computers for the audit staff. The use of automatic data processing to process and analyze information during an audit greatly increases productivity. A study of our automated versus manual experience noted a savings of 1,326 staff days on eight audits, which resulted in greater productivity and allowed us to provide additional audit coverage of Departmental programs.

Third, we are requesting $351,000 to replace the minicomputer and related peripheral devices now used to provide vital data processing support for our office. The minicomputer currently being used was purchased in 1983. Our need for electronic data processing support has surpassed the computer's capabilities in regard to access by users and data storage capacity. The minicomputer, which is accessible by all our regional offices, is used to process data that is critical to the management of our audit, investigations, and administrative activities and for timely and accurate reporting to the Congress, the General Accounting Office, other Federal agencies, and to the public. The computer is used to manipulate data in direct support of the conduct of audits and investigations and to maintain current and historical information about investigations and audits in progress or completed. It is also used to record and monitor the allocation and util-

ization of our human and financial resources. A great deal of the information maintained on the computer is sensitive investigative and audit data which is subject to the provisions of the Freedom of Information Act and the Privacy Act of 1974 and other legal restrictions on dissemination. Our audit emphasis in fiscal year 1990 will continue to be reviews of all aspects of the Department of the Interior, including minerals royalty collection efforts; administration of programs by the Bureau of Indian Affairs and tribal governments; operations and activities of the territorial governments and the emerging nations of the Federated States of Micronesia, Republic of the Marshall Islands, and the Republic of Palau; selected water projects and repayment of municipal and industrial water supply investment costs; resource management of the National Park Service; management of Federal land and wildlife; and single audits over which our office has cognizant and collateral oversight responsibility.

Our audit effort continues to significantly impact on Departmental programs, activities, and management functions. For the fiscal year ended September 30, 1988, we reported a total audit-related dollar impact of $285 million, which included $60 million in potential recoveries and $99 million in cost avoidances. Additionally, 474 recommendations were made to management to improve Departmental programs, operations, and mission effectiveness.

Concerted efforts were made by the OIG audit followup section during the past year to ensure that Departmental management's agreed-upon actions to implement audit report recommendations were, in fact, achieved. During fiscal year 1988, 11 on-site followup reviews performed disclosed that Departmental management had not fully implemented agreed-upon corrective actions on 24 of the 99 audit recommendations. As a result, the audit followup section will continue to ensure that on-site followup reviews are performed on all significant OIG audit reports. Also, we are continuing our efforts to work with the Assistant Secretary for Policy, Budget and Administration and his staff to resolve these problems as well as to revise current Departmental audit followup procedures to be in compliance with requirements established by the Inspector General Act Amendments of 1988.

During the past year, our Office was the lead organization for a President's Council on Integrity and Efficiency audit of user charges at the Departments of the Interior, Defense, Transportation, Housing and Urban Development, Health and Human Services, and Agriculture, which showed that the six departments did not maximize the establishment and collection of user charges as a means to recover the Government's cost for providing services and benefits to identifiable recipients. Potential user charges related to services costing about $476 million were not collected because of certain policy decisions and/or inadequate implementation of user charge criteria. Also, elimination of impediments of existing statutes and Congressional preferences to establishing and collecting reasonable user charges could result in offsetting an additional $770 million in program costs.

Our office completed 53 contract audits during fiscal year 1988 of mostly Bureau of Reclamation contracts totaling $203 million and identified cost exceptions totaling $93 million. These cost exceptions resulted primarily from poor contract administration and contractors attempting to recoup costs deemed unallowable by Federal Acquisition Regulations. Our auditors have referred several allegations of false claims to our Investigative division. As a result, we are planning to perform audits of the effectiveness of the Bureau of Reclamation's administration of construction contracts as well as cost analyses of contractor facilities.

Before concluding my statement, I would like to tell you about the results of a recent significant investigation. On November 30, 1988, a major oil company and its drilling supervisor pled guilty to two felony violations under the Outer Continental Shelf Lands Act which included not performing safety tests and falsifying tests. The company also agreed to pay a $750,000 fine. This was the first successful criminal prosecution under the Act and the lessons learned caused us to rethink both our investigative posture and our distribution of personnel resources. We have had excellent cooperation from the Minerals Management Service, and we are moving aggressively in this area. This concludes my statement. I will be glad to answer any questions that you may have.

OPENING REMARKS

Mr. RICHARDS. We are seeking an overall dollar increase in our budget. But, basically, we will lose a net of seven FTE's. And so I think I will give a bit of explanation as to how that comes about.

Of the $1.84 million increase that is requested, a big chunk of that $1.1 million is requested for permanent change of station moves. My office is rather uniquely impacted, first of all, because it is labor-intensive. It doesn't have any program or discretionary funds, just basically salaries, benefits, travel, and a little bit of equipment.

So, we have about 20 percent of our audit resource in the Territories, strung all over the Pacific and in the Virgin Islands and it is difficult to recruit people for those. And we have to put them on a three-year rotation basis, whereby they are guaranteed that, at the end of three years, if they request, they can come back to the United States.

These moves get very, very expensive, and particularly more so now that the General Services Administration extends a moving contract to government agencies whereby government employees, deservedly, are treated like employees in the private sector. They get help with selling the old house. Or if they can't sell their old house and they move clear across the Pacific, they get financial relief.

So it has become much more costly to have these permanent change of station moves. And as I say, we are uniquely impacted by it because about 20 percent of our audit resources and 5 percent of our investigative resources are located abroad, or at least out in the territories.

Second, we seek $230,000 to purchase lap-top and desk-top computers for the audit staff to increase their efficiency, and $351,000 to replace our minicomputer, which basically has just—we have outgrown it.

That concludes my summary, Mr. Chairman, and I would be glad to answer questions.

We are requesting $839,000 to fund the relocation of a total of 16 audit employees in and out of the territories. We estimate that of the 17 territorial audit employees eligible for relocation from the territories, eight will exercise the option and, therefore, will be replaced by eight new employees.

RELOCATION EXPENSES

Chairman BYRD. How many of your auditors are located in the territories?

Mr. RICHARDS. About 41 out of about 200 auditors. Approximately.

Chairman BYRD. How many total auditors?

Mr. RICHARDS. Out of 200 auditors, 41 are located abroad.

Chairman BYRD. Would you say 209?

Mr. RICHARDS. Yes; I believe that is the figure—215 audit staff I am reminded now.

Chairman BYRD. How many of those positions are filled?

Mr. RICHARDS. That is on board today.

Chairman BYRD. What is the average number of those employees who have become eligible for relocation in a given fiscal year?

Mr. RICHARDS. Out of 17 people, we are estimating—and it is just an estimate—about 8 or about one-half of them are due. It depends a lot on how many employees are coming up on their 3-year cycle. Some of our employees have been in the Territories since the Office or the duties of the Comptroller of the Territories was transferred to us in 1982. Some of them like it there, you know. They are used to island living. Others, well, take it for the 3-year commitment but they want to come back. They feel that it is better for their career track, or their professional development.

And, frankly, some of them get island fever.

Chairman BYRD. What is the number eligible for relocation and the number actually relocated for fiscal years 1985–88?

You may supply that for the record.

Mr. RICHARDS. Yes; if I may, Mr. Chairman.

[The information follows:]

RELOCATION OF OVERSEAS EMPLOYEES

The number eligible for relocation remains relatively constant at 18 employees per year. The actual number relocated to, from, or between overseas duty stations was 21 in 1985, 16 in 1986, 26 in 1987, and 10 in 1988.

Chairman BYRD. How many will be eligible for relocation in fiscal year 1991, and how many do you estimate will exercise the option?

Mr. RICHARDS. It is difficult to estimate right at this point. We are now in the process, as you may know, of preparing—in the beginning process of preparing our fiscal year 1991 budget, a year and a half in advance of when it actually comes.

We cannot really give you a good estimate now, basically because we will have to go out and talk to employees and see, first of all, how many are eligible to make their 3-year return.

And also we will have to talk to those people and see how the wife feels about it, how the children are getting along in school, those sorts of things to see if they are going to exercise their right to rotate back to the mainland.

So it is a little difficult right at this point to estimate that.

CHANGE OF STATION MOVES—INVESTIGATIONS

Chairman BYRD. You are also requesting an increase of $261,000 for change of station moves related to investigations. Your statement indicates that you have established suboffices in Montana and South Dakota because "we were obtaining such substantial numbers of criminal indictments."

What is the nature of the offenses that are occurring in those two States?

Mr. RICHARDS. In Montana and South Dakota, it is basically—90 percent of it is work on Indian Reservations, frauds on Indian Reservations. In Louisiana and in Phoenix, we are also working on Indian Reservations, a lot of Indian-related fraud crimes. And also minerals management cases offshore.

You will note in my statement I mentioned that we had a significant investigation in Southern California where, for the first time,

there was a conviction under the Outer Continental Shelf Lands Act of a major oil company for falsifying test reports.

So those are the basic kinds of things that we are doing with those field offices.

Chairman BYRD. Would you say that the criminal activity is increasing out there? Or, are you doing more efficient investigation? Better work?

Mr. RICHARDS. Well, we hope that we are doing better work. Basically, we are still in investigations as a reactive organization. We do not have the luxury of going out in an organized way, to look for patterns of crime.

Basically, we are reacting to allegations that come in. Nevertheless, we think that we are becoming a considerable force in letting people know who would cheat and steal from us that we are out there. And that if you cheat and steal from the Interior Department, there is a likelihood you will get caught.

VIRGIN ISLANDS/D.C. PERSONNEL PROJECT AUDIT

Chairman BYRD. I understand that the Office of the Inspector General is auditing or investigating the personnel system development work which the D.C. government was doing for the Virgin Islands government. And that the report was issued last Friday.

Is that correct?

Mr. RICHARDS. Yes, sir.

Chairman BYRD. Are your auditors stationed in the Virgin Islands doing this work?

Mr. RICHARDS. Yes; and, incidentally, a copy of that audit report was delivered to your office early Friday morning.

Chairman BYRD. Would you summarize the findings for the record of the audit report?

Mr. RICHARDS. Well, we found that—we were auditing the Virgin Islands. They had contracted with the D.C. government—and, of course, we don't have authority to be the auditor for the D.C. government—but it impacted the D.C. government because the Virgin Islands contracted with the D.C. government, or with the D.C. personnel system.

It was a very badly managed operation from the beginning.

They didn't even—they didn't obey their own procurement laws to go out with a competitive procurement to see if there were competent organizations or people out there who could do the kind of thing they needed to do.

They decided they were just dealing with the District of Columbia. There was not a lot of planning or cost estimating that went into this. And, basically, after they developed a little project plan, they just began to start traveling and have meetings. And as you may have seen from press reports, lots of costs that were outrageous that certainly are not allowable under such kinds of contracts were incurred and reimbursed by the Virgin Islands government.

The project manager was then fired after that became public and the project didn't improve much. As a result, the Virgin Islands has spent most of the money that they were appropriated for the

project, about $260,000, and they really didn't get what they paid for.

Chairman BYRD. Do you have an estimate of the number of people, in dollars? In dollars which you have spent on this investigation?

Mr. RICHARDS. That is probably out of proportion to the money involved. I don't have an estimate. I will see if I can gather that up. We were doing that little audit as a portion of the larger audit that we were doing of the procurement, the entire procurement system, of the Virgin Islands government, which, of course, is considerably larger than the Virgin Islands personnel effort.

[The information follows:]

PERSONNEL MERIT SYSTEM STUDY, GOVERNMENT OF THE VIRGIN ISLANDS

The Office of Inspector General spent approximately $50,000 on the Personnel Merit System Study, Government of the Virgin Islands. We used slightly less than one FTE.

Mr. RICHARDS. But, when it became evident that there was a grand jury investigation and that there was great interest in determining the economy and efficiency of that project, we accelerated our efforts, of course, to finish it and to make the results public.

And we have, of course, turned the audit over to the FBI.

Chairman BYRD. Have you had to cut back on any other activities to devote resources to this work?

Mr. RICHARDS. No; it may have temporarily diverted our regular audit program in the Virgin Islands, but not to any great extent.

GIFT SHOP PURCHASES

Chairman BYRD. I note in Saturday's Washington Post an accusation that the legal counsel for the D.C. government, Office of Personnel ran up $517 in gift shop purchases during a trip in December 1987.

Were these purchases charged to the Virgin Islands government and paid by the Virgin Islands government?

Mr. RICHARDS. My understanding is they were. What happened——

Chairman BYRD. Were what?

Mr. RICHARDS. Were paid for by the Virgin Islands government and that Mr. Lloyd, I believe, who is the man involved here, did reimburse the Virgin Islands government for certain of those purchases, but did not reimburse them for certain other purchases.

I think he reimbursed them on the first trip and not on the second.

Chairman BYRD. Dollarwise, how did the reimbursement stack up against the $517?

Mr. RICHARDS. I think he made a reimbursement—and I will correct it for the record. But I think he made a reimbursement of maybe $500 and not for the $300 of purchases—or maybe I may have that reversed.

[The information follows:]

REIMBURSEMENT BY MR. LLOYD

Mr. Lloyd reimbursed the Virgin Island Government for $300 of gift purchases incurred on his second trip.

Chairman BYRD. Did the legal counsel have to complete a travel voucher and submit it to the Virgin Island government before these charges were paid? Or did the Virgin Island government make payment directly to the hotel without any verification from Mr. Lloyd?

Mr. RICHARDS. It appears, as a general rule, at least in the early part of the project—and these expenses were incurred then—that the D.C. people, both the consultants and employees of the D.C. Personnel Office and Mr. Lloyd, I believe, was of the latter group, would go down there if they determined it was necessary. And their lodging bills and their consulting fees were simply submitted to the Governor's Office and they were routinely paid.

There was no examination of the underlying cost, about what they were for and so forth. They were all being paid, as I say. That went on until there were some press reports about those expenses being reimbursed. And lodging costs were reimbursed directly to the hotels.

Chairman BYRD. Was this procedure the standard practice throughout this contract for all D.C. government employees staying in the Virgin Islands?

Mr. RICHARDS. It seemed to be. The consultants each had an individual consulting contract. But the D.C. employees as opposed to the consultants—they were mostly from the District of Columbia as well—the D.C. employees simply had their expenses reimbursed by the Virgin Islands government.

Basically, their air fare was reimbursed through a travel agency up here in Washington and their lodging and meals and their hotel bills were reimbursed to the hotels.

Chairman BYRD. Did Mr. Lloyd sign an itemized bill upon checking out of the hotel?

Mr. RICHARDS. I would have to check on that. I doubt it, but I will check on that and supply it for the record.

[The information follows:]

ITEMIZED BILL SIGNED BY MR. LLOYD

Mr. Lloyd did not sign an itemized bill.

Chairman BYRD. If so, did the bill include the gift shop charges?

Mr. RICHARDS. Most definitely, the bill included the gift shop charges because they went over to the Governor's office and were reimbursed to the hotel.

Chairman BYRD. The article also indicates that the legal counsel has been trying since January to repay the Virgin Islands government for these charges.

Do you know why he has been unsuccessful?

Mr. RICHARDS. I had no knowledge of that until I read it in the paper as well.

Chairman BYRD. You had no knowledge that he was making an effort to repay?

Mr. RICHARDS. I cannot confirm or deny. I just have no knowledge.

FISH AND WILDLIFE SERVICE MAINTENANCE EXPENDITURES

Chairman BYRD. We may have further questions for the record, and other Senators may have as well.

On page 13 of your justification is a statement:

> An audit of the Fish and Wildlife Service's facility, maintenance and minor construction program, found that of $55 million in special funds appropriated by Congress, $7.2 million was not used as intended.

Would you elaborate on the finding of that audit?

Mr. RICHARDS. May I ask my Assistant Inspector General for Audits to respond to that?

Mr. BLOOM. That money was assigned to special projects within the refuges of the Fish and Wildlife Service basically to enhance special construction projects to correct conditions that posed hazards to protected wildlife, both fish and animals. Instead of using the special projects funds for those purposes, the funds were diverted and used for routine operations and maintenance expenditures. They were diverted from the special projects.

Chairman BYRD. What was the nature of the guidelines that you recommended be established?

Mr. BLOOM. On the same audit?

Chairman BYRD. Yes.

Mr. BLOOM. What they were doing was commingling funds for special purposes with the routine operations and maintenance funds. We recommended that their accounting system needed to develop procedures sophisticated enough to break out the funds for special projects and that controls should be established to make sure that special projects funds are not diverted to routine operations and maintenance.

Chairman BYRD. Has the Fish and Wildlife Service implemented the audit recommendation?

Mr. BLOOM. As far as we know, they have, yes. They did agree with the recommendations and as far as we know, they have complied.

ADDITIONAL COMMITTEE QUESTIONS

Chairman BYRD. Well, thank you, Mr. Richards, for your testimony. The subcommittee, as well as individual Senators, as I have indicated, may have additional questions. And we ask that you respond promptly to them, and hope that you are not too inconvenienced by the delay for lunch.

Mr. RICHARDS. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MCCLURE

INSPECTOR GENERAL

General Budget

Question: The FY90 budget requests an increase of $1.8 million above the FY89 enacted level and $1.5 million above the base level. The number of FTEs requested for FY 90, however, is proposed to decrease by 4--from 300 to 296.

Why the decrease in FTEs with an increase in funds?

Answer: The Audit program is reduced by two FTE's. The Investigations and Administration programs are each reduced by one FTE. This reduction in staffing saves $178,000. Of that amount, $127,000 is applied against the FY90 portion of the January 1989 pay raise. The balance, $51,000, is applied against fixed cost increases.

With respect to the balance of the increase in FY90 over FY89, $1,668,000 is to be applied against the remaining fixed costs increases of $165,000 and program increases of $1,503,000. The program increases are for permanent change of station costs and data processing equipment. The permanent change of station costs will allow us to fully utilize our FTE's. Currently, we must rely on salary and benefit costs saved by not filling vacant positions in order to pay for permanent change of station costs. The data processing purchases will increase audit and investigative program operations relative to the accuracy and timeliness of information reporting, storage, and retrieval.

Indirect Costs

Question: Without boring anybody, I want to briefly discuss the proposal to continue transferring the Indirect Cost Rate Negotiation function from the I.G. to the Office of the Secretary.

As you know, an additional $175,000 has been requested in the Office of the Secretary's FY90 budget to continue the transfer of Indirect Cost Rate Negotiation function from the Office of the Inspector General to the Office of Acquisition and Property Management. $75,000 was provided in FY89 to the Office of the Secretary to initiate this shift (Office of Secretary pg. 59). This transfer of function was proposed because negotiation of indirect cost rates is more appropriately a management function and not an audit function.

Why is the decrease to your budget considered a base adjustment while the increase in the Office of the Secretary is not?

Answer: The 3 FTE's and $142,000 to support them were a part of the Office of Inspector General's base program in FY89. The transfer of the Indirect Cost Rate Negotiation function to the Office of the Secretary in FY90 will reduce our base requirement for FTE's and dollars. The Office of the Secretary should have handled these same amounts as a base adjustment. The difference of $33,000 ($175,000 minus $142,000) could have been handled as a program increase.

Question: Why is there only a $142,000 and 3 FTE decrease in the Office of Inspector General in FY90 and a proposed increase of $175,000 and 4 FTE in the Office of the Secretary?

Answer: The difference in the amount of funding and FTE's being moved from the Office of Inspector General to the Office of the Secretary lies

in the fact that additional indirect cost negotiations will be performed by the Office of the Secretary. During the formulation of the FY89 budget, the Office of Management and Budget realigned responsibilities for performing indirect cost negotiations among the various agencies. As a result, Interior became responsible for additional Indian organizations and other units of state and local governments, while losing none. Thus, the number of indirect cost negotiations performed by Interior will grow from 244 in FY86 to 300 in FY89, which is a 23 percent increase. The Department expects to perform from 300 to 350 indirect cost negotiations by FY90.

Question: Do you think they are that much less productive?

Answer: We do not believe the Office of the Secretary is less productive than the OIG.

Audits

Question: Reviewing the highlights of your audit program (pgs. 11-13), I can't help but notice that the base program singles out very few bureaus: BIA, Bureau of Reclamation, Fish and Wildlife Service, and Territories.

Should I read in between the lines and conclude that these agencies have more problems than the others?

Answer: The audits highlighted (pgs. 11-13) were chosen because of their significance and were not intended to single out those Bureaus as having more problems or deficiencies then other organizations within the Department of Interior. We attempt to provide audit coverage to all Departmental bureaus and their respective program areas in the development of our audit program. Page 15 to 18 reflect our allocation of audit resources to Departmental programs and Bureaus for FY90.

Question: Is this a fair representation of your audit work?

Answer: It is a fair representation of our audit work, but as explained above it is not all inclusive. The audits highlighted were chosen only because of their particular significance to Departmental operations during the last fiscal year.

SUBCOMMITTEE RECESS

Chairman BYRD. The subcommittee will stand in recess until tomorrow, April 4, at 2 p.m., when we will hear testimony on the fiscal 1990 budget for the National Park Service.

[Whereupon, at 12:44 p.m., Monday, April 3, the subcommittee was recessed, to reconvene at 2 p.m., Tuesday, April 4.]

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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

TUESDAY, APRIL 4, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2 p.m., in room S-128, the Capitol, Hon. Robert C. Byrd (chairman) presiding.

Present: Senators Byrd, Bumpers, McClure, Stevens, Cochran, and Domenici.

DEPARTMENT OF THE INTERIOR

NATIONAL PARK SERVICE

STATEMENT OF WILLIAM PENN MOTT, JR., DIRECTOR

ACCOMPANIED BY:

DENNIS P. GALVIN, DEPUTY DIRECTOR
C. BRUCE SHEAFFER, COMPTROLLER
EDWARD L. DAVIS, ASSOCIATE DIRECTOR, BUDGET AND ADMINISTRATION
JAMES W. COLEMAN, JR., ACTING ASSOCIATE DIRECTOR, OPERATIONS
JERRY L. ROGERS, ASSOCIATE DIRECTOR, CULTURAL RESOURCES
GERALD D. PATTEN, ASSOCIATE DIRECTOR, PLANNING AND DEVELOPMENT
DR. F. EUGENE HESTER, ASSOCIATE DIRECTOR, NATURAL RESOURCES
JOSEPH W. GORRELL, ASSOCIATE DIRECTOR, MANAGEMENT SYSTEMS
L. LORRAINE MINTZMYER, REGIONAL DIRECTOR, ROCKY MOUNTAIN REGION, DENVER
HERBERT S. CABLES, JR., REGIONAL DIRECTOR, NORTH ATLANTIC REGION, BOSTON
ROBERT G. STANTON, REGIONAL DIRECTOR, NATIONAL CAPITAL REGION, WASHINGTON, DC
ROBERT M. BAKER, REGIONAL DIRECTOR, SOUTHEAST REGION, ATLANTA
DON H. CASTLEBERRY, REGIONAL DIRECTOR, MIDWEST REGION, OMAHA
JOHN E. COOK, REGIONAL DIRECTOR, SOUTHWEST REGION, SANTA FE
STANLEY T. ALBRIGHT, REGIONAL DIRECTOR, WESTERN REGION, SAN FRANCISCO

CHARLES H. ODEGAARD, REGIONAL DIRECTOR, PACIFIC NORTHWEST REGION, SEATTLE

Q. BOYD EVISON, REGIONAL DIRECTOR, ALASKA REGION, ANCHORAGE

JAMES W. COLEMAN, REGIONAL DIRECTOR, MID-ATLANTIC REGION, PHILADELPHIA

DAVID G. WRIGHT, MANAGER, HARPERS FERRY CENTER, HARPERS FERRY

JOHN J. REYNOLDS, MANAGER, DENVER SERVICE CENTER, DENVER

ANTHONY L. ITTEILAG, DIRECTOR, OFFICE OF BUDGET

WILLIS KRIZ, CHIEF, LAND RESOURCES DIVISION

WALTER DABNEY, CHIEF, RANGER ACTIVITIES DIVISION

BUDGET REQUEST

Chairman BYRD. The subcommittee will come to order.

Testifying on behalf of the budget request for the National Park Service will be the Director, Mr. William Penn Mott, Jr.

The fiscal year 1990 appropriations request for the National Park Service totals $865,521,000, down $184,222,000 from the fiscal year 1989 allowance, nearly an 18-percent decrease. This budget proposal includes a reduction of 376 full-time equivalent personnel.

The budget proposal decreases the construction account to $44,112,000 from the fiscal year 1989 enacted level of $159,108,000. The land acquisition account, funded at $72,609,000 for the current fiscal year, was proposed at $15,799,000 in the Reagan budget, a 78-percent decrease. The subcommittee understands that President Bush intends to provide more money for this purpose.

However, nearly 2 months after his February 9 announcement, no details of the increased request have been transmitted to the Congress. No moneys are requested for the historic preservation fund, as the administration plans to eliminate all grants in this account. This represents a decrease of $30,500,000 from the fiscal year 1989 enacted level.

Mr. Mott, you may submit your statement for the record. It will be included in its entirety. You may encapsulize it, if you like. You may introduce your associates, those who will be supporting you in your testimony, including the regional directors, and then we will proceed with the subcommittee's questions.

INTRODUCTION OF ASSOCIATES

Mr. MOTT. Thank you, Mr. Chairman.

I have with me the Regional Directors from around the country as well as our budget personnel to answer any questions that may come up as we go forward.

It is my pleasure to appear before this subcommittee to discuss the 1990 budget request of the National Park Service. I know that this subcommittee is as concerned about the state of our national parks as is the National Park Service, and I look forward to addressing whatever questions and concerns you may have.

I am happy to tell you, Mr. Chairman, that the new Secretary of the Interior, Manuel Lujan, has expressed his wholehearted support for the mission and the programs of the National Park Service. Secretary Lujan has announced a 10-point agenda for the De-

partment under the theme of "Stewardship," which emphasizes the wise conservation and management of our natural and cultural resources. We, in the National Park Service, wholeheartedly support this agenda.

SUMMARY OF THE BUDGET REQUEST

With your permission, I would like to summarize our fiscal year 1990 budget request. The fiscal year 1990 budget request for the National Park Service includes significant increases from the 1989 request. Despite the need to reduce the Federal budget deficit, the 1990 budget request for the operation of the National Park System [ONPS] proposes an appropriation of $767.2 million, the highest level of park operational funding in history. This request represents an increase of $22.4 million over the level enacted last fiscal year and an increase of $33.5 million over the level requested by the National Park Service last year.

The total appropriation request for the National Park Service in fiscal year 1990 is $865.5 million, which represents a $71.2 million increase over the administration's request for fiscal year 1989.

The amount requested for the operation of the National Park System is composed of $711.7 million from the general fund and $55.5 million from the special account where fee revenues are deposited. The 1990 request therefore represents increases in both base operating funds and in funds derived from fee revenue. Virtually all park areas will receive an increase in their operating budget for 1990.

I want to call your attention to the fact that the fee money by legislation is to be used for interpretation, research, and resource management. And because we have consistently so advised the public that this is the way the fee money will be used, they have supported this program, and we have received virtually no comments to the contrary.

Of the total ONPS funding request, $662.9 million is in the park management budget activity. Maintenance, which is the largest portion of this activity, is funded at $285 million, which is $39 million more than the 1989 request for maintenance and $16.3 million more than the 1989 enacted amount.

This emphasis is intended to address the identified backlog of park maintenance needs. The fiscal year 1990 maintenance increase includes $500,000 in additional revenue from fiscal year 1989 fee collections. Most of this money is reserved for natural and cultural areas and their maintenance and management. A general operational maintenance increase of $11,900,720 in maintenance-related funds for new areas, of which there are three, funding of $1.6 million for activities associated with the Yellowstone fire recovery plan, and $4 million for second-year funding for toxic waste cleanup at the Krecji dump site at Cuyahoga Valley National Recreation Area.

While we have tried to focus on our maintenance requirements in our 1990 proposal, we have also included increase requests in other important areas. Additional funding of $13.8 million in resources management and $1.9 million for interpretation is proposed for distribution to parks in 1990.

In addition to these amounts, we are requesting an increase of $750,000 for use in Alaska parks to initiate needed research, inventory, and monitoring of natural and cultural resources.

We have also included a $1 million increase in our informational publications program to ensure that a reasonable supply of park folders is available to visitors. I might indicate that the reason that we want to give these informational publications to visitors is that we have had a number of court cases, which we have won because people with these brochures are informed about the parks and some of the problems that they may run into.

The Yellowstone fire recovery plan, started in fiscal year 1989 to address rehabilitation, restoration, interpretative, and research requirements arising from the recent fires, is proposed for funding at a $2.8 million level in 1990. The 1990 efforts will center on needed rehabilitation and research activities not addressed in 1989.

I should call your attention to the fact that to date we have received from people, companies, and organizations interested in the recovery program at Yellowstone, $110,000 in cash and $832,000 in pledged amounts. We have also received information from the Student Conservation Association that they plan to put 700 people working in Yellowstone National Park helping us with the recovery program and are in the process now of raising $1.8 million for that program, which we endorse and feel will be very, very significant and helpful to the recovery program.

DRUG ENFORCEMENT

Another area of emphasis in fiscal year 1990 is improved drug enforcement in our parks. The drug enforcement initiative of the National Park Service includes $3.7 million for U.S. Park Police and $2.7 million for enhanced visitor protection and safety at those areas, especially near the southern boundary of the United States, known to be affected by drug-smuggling activities.

Although this program is not our primary responsibility, we do become involved. For example, last year we were able to recover in one incident 660 pounds of cocaine valued at $148 million, and we have over the period of several years, recovered 5,821 bales of marijuana. We have in 1 year eliminated 80,817 marijuana plants valued at $202 million. So, we do become involved in this program, and with the assistance of the other law enforcement agencies, we are keeping the program at least under some control as far as the parks are concerned.

We are also requesting $3.9 million for replacement of a U.S. Park Police helicopter in the Washington, DC, metropolitan area. This helicopter will be used for a number of activities: Search and rescue, patrols, and escort duties, in addition to drug enforcement.

FOREST FIRE ACTIVITY

The 1990 request proposes a very important change to the forest fire suppression and presuppression activity of the ONPS appropriation. To enhance the ability of the Department to prevent and control wildfires, a permanent, indefinite account within the Bureau of Land Management is being requested in fiscal year 1990

to cover all current year fire costs and keep the funding on a current basis.

The Park Service would be allocated an estimated $11.6 million for fire management, presuppression, and emergency rehabilitation, and another $10.2 million for fire suppression from the new permanent firefighting account. This new account will enable the National Park Service to pay for fire costs as they occur rather than continuing the past practice of transferring money from one account to another.

OTHER INCREASES

The ONPS request also includes a total of $1,160,000 in increases associated with the new operational requirements of Timucuan Ecological and Historic Preserve, El Malpais National Monument, the Navy Memorial in Washington, DC, and the Santa Fe Trail and the Massau Trail. An additional $730,000 is proposed for general management planning to allow the National Park Service to meet the planning requirements for the new areas authorized by the 100th Congress and other key studies.

In regard to other appropriations, the 1990 request for the construction appropriation is $44.1 million, an increase of $29.1 million above the 1989 request. The request for construction includes $10 million for the continued repair and rehabilitation of existing park housing, an item for which the Congress provided initial funding last year.

This employee housing initiative is composed of $8 million under the emergency, unscheduled, and housing projects subactivity and $2 million under the planning subactivity. The balance of the construction request includes nine health, safety, and facility rehabilitation projects in nine park areas and the second phase of the Henry M. Jackson Memorial Visitors Center project at North Cascades National Park.

The 1990 request for national recreation and preservation is $10.2 million, approximately the same as requested last year and $4.4 million less than the enacted amount. This account is used to aid resources outside the National Park System. The decreases proposed are based on the belief that direct Federal support for State and local recreation activities can and should be replaced by State and local assistance while the National Park Service devotes available resources to meeting the operational requirements and priorities of the National Park System areas.

The request for operations of the John F. Kennedy Center for the Performing Arts is $15.2 million. This includes a one-time $10 million increase from the 1989 enacted level to repair serious structural deficiencies at the parking garage of the center.

For the land acquisition appropriation, I am happy to inform the subcommittee that, in keeping with the President's strong commitment to protect America's parklands and open spaces, the National Park Service will be requesting a significant increase for land acquisition activities above the $15.8 million level shown in the 1990 budget request. For fiscal year 1990 the President has proposed to fund land and water conservation fund financed Federal land acquisition activities at the 1989 enacted level of $206 million.

At this time, the Department of the Interior and the Department of Agriculture are finalizing the details for the revised funding level for each Federal land management agency. The National Park Service will provide the subcommittee with the details of the revised land acquisition request for the National Park Service as soon as it is available.

Consistent with prior-year budgets, no budget authority is requested for grants from the historical preservation fund appropriation. This represents a decrease of $30.5 million from the 1989 enacted amount. This decrease is based upon the belief that direct Federal support for State and local preservation programs can and should be replaced by private sector involvement or assistance from State governments.

In summary, Mr. Chairman, I believe that the fiscal year 1990 budget request goes a long way toward addressing the unmet needs of the National Park Service, especially the need to increase our level of park maintenance and the prevention of health and safety risks in our parks. This budget also distributes significant operating increases directly to park areas for park managers to use in meeting their highest priority requirements.

This concludes my prepared remarks, Mr. Chairman. I would be very happy to respond to questions that you or other members of the subcommittee may have about our budget request.

[The statement follows:]

STATEMENT OF WILLIAM PENN MOTT, JR.

Mr. Chairman and Members of the Subcommittee, it is my pleasure to appear before this Subcommittee to discuss the 1990 budget request of the National Park Service. I know that this Subcommittee is as concerned about the state of our national parks as is the Service, and I look forward to addressing whatever questions and concerns you may have.

I am happy to tell you, Mr. Chairman, that the new Secretary of the Interior, Manuel Lujan, has expressed his whole-hearted support for the mission and programs of the National Park Service. Secretary Lujan has announced a 10-point agenda for the Department under the theme of "STEWARDSHIP," which emphasizes the wise conservation and management of our natural and cultural resources. We in the National Park Service whole-heartedly support this agenda.

With your permission, I would now like to summarize our fiscal year 1990 budget request.

The fiscal year 1990 budget request for the Service includes significant increases from the 1989 request. Despite the need to reduce the Federal budget deficit, the 1990 budget request for the "Operation of the National Park System" proposes an appropriation of $767.2 million, the highest level of park operational funding in history. This request represents an increase of $22.4 million over the level enacted last fiscal year and an increase of $33.5 million over the level requested by the Service last year. The total appropriation request for the Service in fiscal year 1990 is $865.5 million, which represents a $71.2 million increase over the Administration's request of fiscal year 1989.

The amount requested for the "Operation of the National Park System" (ONPS), is composed of $711.7 million from the general fund and $55.5 million from the special account where fee revenues are deposited. The 1990 request, therefore, represents increases in both base operating funds and in funds derived from fee revenues. Virtually all park areas will receive an increase in their operating budget for 1990.

Of the total "ONPS" funding request, $662.9 million is in the Park Management budget activity. Maintenance, the largest portion of this activity, is funded at $285.0 million, which is $39.0 million more than the 1989 request for maintenance and $16.3 million more than the 1989 enacted amount. This emphasis is intended to address the identified backlog of park maintenance needs. Fiscal year 1990 maintenance increases include $500,000 in additional revenue from fiscal year 1989 fee collections, a general operational maintenance increase of $11.9 million, $720,000 in maintenance-related funds for three new areas, funding of $1.6 million for activities associated with the Yellowstone Fire Recovery Plan and $4.0 million for second year funding for toxic waste cleanup at the Krecji Dump Site at Cuyahoga Valley National Recreation Area.

While we have tried to focus on our maintenance requirements in our 1990 proposal, we have also included increase requests in other important areas. Additional funding of $13.8 million in resources management and $1.9 million for interpretation is proposed for distribution to parks in 1990. In addition to these amounts, we are requesting an increase of $750,000 for use in Alaska parks to initiate needed research, inventory and monitoring of natural and cultural resources. We have also included a $1 million increase in our informational publications program to ensure that a reasonable supply of park folders is available to visitors. The Yellowstone Fire Recovery Plan, started in fiscal year 1989 to address rehabilitation, restoration, interpretive and research requirements arising from the recent fires, is proposed for funding at a $2.8 million level in 1990. The 1990 efforts will center on needed rehabilitation and research activities not addressed in 1989.

Another area of emphasis in fiscal year 1990 is improved drug enforcement in our parks. The drug enforcement initiative of the Service includes $3.7 million for the U.S. Park Police and $2.7 million for enhanced visitor

protection and safety at those areas, especially near the southern boundary of the United States, known to be affected by drug smuggling activities.

We are also requesting $3.9 million for replacement of a U.S. Park Police helicopter in the Washington, D.C. metropolitan area. This helicopter will be used for a number of activities; search and rescue, patrols, and escort duties in addition to drug enforcement.

The 1990 request proposes a very important change to the Forest Fire Suppression and Presuppression activity of the "ONPS" appropriation. To enhance the ability of the Department to prevent and control wildfires, a permanent, indefinite account within the Bureau of Land Management is being requested in fiscal year 1990 to cover all current year fire costs and keep the funding on a current basis. The Park Service would be allocated an estimated $11.6 million for fire management, presuppression, and emergency rehabilitation and another $10.2 million for fire suppression from the new permanent firefighting account. This new account will enable the Service to pay for fire costs as they occur, rather than continuing the past practice of transferring money from other accounts.

The "ONPS" request also includes a total of $1,160,000 in increases associated with the new operational requirements of Timucuan Ecological and Historic Preserve, El Malpais National Monument, the Navy Memorial in Washington D.C., the Santa Fe Trail and the Massau Trail. An additional $730,000 is proposed for General Management Planning to allow the Service to meet the planning requirements for the new areas authorized by the 100th Congress and other key studies.

In regard to other appropriations, the 1990 request for the "Construction" appropriation is $44.1 million, an increase of $29.1 million above the 1989 request. The request for construction includes $10.0 million for the continued repair and rehabilitation of existing park housing, an item for which the Congress provided initial funding last fiscal year. This employee housing initiative is composed of $8 million under the "Emergency, Unscheduled and Housing Projects" subactivity and $2 million under the "Planning" subactivity. The balance of the construction request includes nine health, safety and facility rehabilitation projects in nine park areas and the second phase of the Henry M. Jackson Memorial Visitor Center project at North Cascades National Park.

The 1990 request for "National Recreation and Preservation" is $10.2 million, approximately the same as requested last year and $4.4 million less than the enacted amount. This account is used to aid resources outside the National Park System. The decreases proposed are based on the belief that direct Federal support for State and local recreation activities can and should be replaced by State and local assistance while the Service devotes available resources towards meeting the operational requirements and priorities of National Park System areas.

The request for operations of the "John F. Kennedy Center for the Performing Arts" is $15.2 million. This includes a one-time $10.0 million increase from the 1989 enacted level to repair serious structural deficiencies at the parking garage of the Center.

For the "Land Acquisition" appropriation, I am happy to inform the Subcommittee that, in keeping with the President's strong commitment to protecting America's park lands and open spaces, the National Park Service will be requesting a significant increase for land acquisition activities above the 15.8 million level shown in the 1990 budget request. For fiscal year 1990, the President has proposed to fund Land and Water Conservation Fund financed Federal land acquisition activities at the 1989 enacted level of $206 million. At this time, the Department of the Interior and the Department of Agriculture are finalizing the details for the revised funding level for each Federal land management agency. The Service will provide the Subcommittee with the details of the revised land acquisition request for the Service as soon as it is available.

Consistent with prior year budgets, no budget authority is requested for grants from the "Historic Preservation Fund" appropriation. This represents a decrease of $30.5 million from the 1989 enacted amount. This decrease is based upon the belief that direct Federal support for State and local preservation programs can and should be replaced by private sector involvement or assistance from State governments.

In summary, Mr. Chairman, I believe that the fiscal year 1990 budget request goes a long way towards addressing the unmet needs of the Service, especially the need to increase our level of park maintenance and the prevention of health and safety risks in our parks. This budget also distributes significant operating increases directly to park areas for park managers to use in meeting their highest priority requirements.

This concludes my prepared remarks, Mr. Chairman. I would be happy to respond to any questions you or other Members of the Subcommittee may have about our budget request.

BIOGRAPHY OF JAMES W. COLEMAN, JR.

As Acting Associate Director, Operations for the National Park Service James W. Coleman oversees day-to-day operations and management concerns for the entire National Park Service.

Mr. Coleman, a career manager with the National Park Service, became Regional Director of the Mid-Atlantic Region September 7, 1980.

Coleman, 52, serving as Regional Director for the past 8 years administers 30 major National Park Service areas which include a number of historic sites, recreation areas, seashores, and monuments throughout the five-State Region of Pennsylvania, Maryland, Delaware, Virginia and West Virginia.

He began his career with the National Park Service in 1958 as a Park Historian with the National Capital Parks in Washington, D.C.

Subsequent assignments saw Coleman serve as a Park Historian at Vicksburg National Military Park in Vicksburg, Mississippi, at National Capital Region in Washington D.C. and at Manassas National Battlefield Park in Manassas, Virginia. He became Assistant Superintendent at Yellowstone National Park in Wyoming, taking charge of the Yellowstone Centennial Program. Coleman was also Coordinator of a Special Taskforce for Secretary Hickle's 11-point program in Washington, D.C. He served as Superintendent, Mound City Group National Monument in Chillicothe, Ohio; Saratoga National Historical Park and St. Gaudens National Historic Site, Stillwater, New York; Morristown National Historical Park and Edison National Historic Site, Morristown, New Jersey; Albright Training Center, Grand Canyon, Arizona; Olympic National Park, Port Angeles, Washington. Coleman became Deputy Regional Director of the Mid-Atlantic Region in 1979.

Coleman, a 1958 graduate of Pennsylvania State University also completed post graduate work in 1962 at Georgetown University. He is a native of Petersburg, Virginia, presently residing in Cherry Hill, New Jersey, with his wife, Patricia. They have three children.

BIOGRAPHY OF JOSEPH W. GORRELL

Joseph W. Gorrell, a native of Harlan, Indiana, is a graduate of the forestry program at Purdue University, received an M.S. in Forestry from the University of California at Berkeley, a Master of Forestry from Yale University, and his Law Degree from Catholic University. He is a member of the Virginia, Washington, D.C., and U.S. Supreme Court bars.

Prior to his appointment as Associate Director, Management Systems, National Park Service, Mr. Gorrell held many other worthy positions in the Department

of the Interior. From 1984 to 1988, he served as Deputy to the Under Secretary and as the highly visible Principal Deputy and Deputy Assistant Secretary for Policy, Budget and Administration. Beginning in 1981 through 1984, he performed in the capacity as both Deputy and Director in the Office of Budget, Office of the Secretary. He was also an Assistant Director, Financial Management, Bureau of Indian Affairs, 1976-1979; Deputy Director, Bureau of Outdoor Recreation, 1975-1976; and as Staff Assistant to the Assistant Secretary for Land and Water Resources, 1973-1975.

Before coming to the Department of the Interior in 1973, Mr. Gorrell served 4 years as a Budget Examiner with the Office of Management and Budget, and 15 years with the U.S. Forest Service in California which included positions at the Lassen, Eldorado, and Mendocino National Forests and in Washington, D.C.

Mr. Gorrell was one of 25 career Federal employees selected in 1974 to participate in the first Federal Executive Development program sponsored jointly by the Office of Management and Budget and the Civil Service Commission. In 1983, he received the Department of the Interior's Distinguished Service Award and the Presidential Rank Award of Meritorious Executive in the Senior Executive Service. He received the Presidential Rank Award of Distinguished Executive in the Senior Executive Service in 1986, and in 1988 he received the Presidential Rank Award of Meritorious Executive in the Senior Executive Service and the Secretary's award for Exceptional Service.

BIOGRAPHY OF ROBERT G. STANTON

Robert G. Stanton was appointed in November 1988 to head the heavily visited and prestigious National Capital Region of the National Park Service.

As Regional Director, Mr. Stanton is responsible for the parks of the National Capital Region which attract more than 20 million visitors annually to such popular sites as the White House, Vietnam Veterans Memorial, Washington Monument, Lincoln and Jefferson Memorials, Manassas National Battlefield, Harpers Ferry National Historical Park, and the 184-mile Chesapeake and Ohio Canal National Historical Park.

Mr. Stanton's first NPS job was as a seasonal Park Ranger at Grand Teton National Park, Wyoming, during the summers of 1962 and 1963. He was Director of Public Relations and Alumni Affairs from 1964-1966 for Huston-Tillotson College, and accepted his first career position with NPS in 1966 as Personnel Management and Public Information Specialist in the Washington Office.

In 1969 he was reassigned to National Capital Parks-Central where he served as the Park Management Assistant. In 1970, he was appointed Superintendent of National Capital Parks-East, where he managed some 5,000 acres of park land and NPS sites.

A year later he began a 2 and 1/2 year assignment serving as a dual Superintendent of Virgin Islands National Park at St. John, Christiansted National Historic Site, and Buck Island Reef National Monument on St. Croix. In 1974, he was appointed as Deputy Regional Director of the Southeast Region, headquartered in Atlanta, Georgia. In 1976, he went to the Washington Office as Assistant Director, Park Operations, and in 1978 to the National Capital Region as Deputy Regional Director, a post held for 8 years.

In 1987, he was called again to the Washington Office to be Associate Director, Operations with oversight responsibilities for day-to-day operations and management programs--Ranger Activities, Visitor Services, Concessions and Maintenance--for the entire 354-unit National Park System.

Recipient of numerous honors and awards, he is a graduate of the Senior Executive Service Candidate Development program of the Department of the Interior. He has earned such honors as the Interior Distinguished Service Award. He has been called upon to speak at numerous park management conferences, employee training sessions, and other programs and has served on

several Servicewide task forces dealing with resource preservation, visitor services and organizational issues.

Born September 22, 1940, in Fort Worth, Texas, he received his B.S. degree in 1963 for Huston-Tillotson College, Austin, Texas. He did graduate work at Boston University, Boston, Massachusetts; and George Washington University, Washington, D.C. in public communications and administrative management, respectively.

He and his wife, the former Janet Moffatte of Chester, South Carolina, are parents of two children. They make their home in nearby Virginia.

BIOGRAPHY OF JOHN J. REYNOLDS

John J. Reynolds, 46, a second-generation National Park Service employee, is Manager of the Denver Service Center. The Center oversees the planning, design, and construction programs of the National Park Service throughout the Nation. Mr. Reynolds has 22 years of broad management experience and outstanding qualifications as a Superintendent, Landscape Architect, and Planner.

He was Superintendent of North Cascades National Park in Washington State for 4 years prior to his appointment as Manager of the Denver Service Center in September 1988. He was Assistant Superintendent of Santa Monica Mountains National Recreation Area, California, from 1979-1984. He has served as a Landscape Architect/Planner for the Philadelphia, Washington, and San Francisco Offices and was Planning Team Captain for three Alaska national park areas.

In earlier assignments at the Denver Service Center he was Chief, Branch of Planning, for the Midwest/Rocky Mountain area. Before moving to Santa Monica in 1979, he developed the Yosemite General Management Plan, a successful 2-year project unprecedented in terms of public involvement in the National Park Service.

He joined the National Park Service in 1966 after earning a B.S. degree from Iowa State University and a Master of Landscape Architecture from the College of Forestry at Syracuse University, New York.

John, born in Yellowstone National Park, is a son of Harvey and Lois Reynolds. His father, who is now deceased, spent 32 years with the National Park Service. John and his wife, Bobbie, have one son, Michael, who also is a National Park Service employee. His brother, Bob Reynolds, is Superintendent of Bryce Canyon National Park in Utah.

NEW RIVER GORGE NATIONAL RIVER

Chairman BYRD. The subcommittee thanks you for your statement, Mr. Mott.

I have several questions. I will discuss one area only at this point, and then I will give the other Senators an opportunity to ask questions before I come back to my own.

The New River Gorge National River is a developing park, with many fascinating aspects to attract a broad spectrum of visitors. The New River is the oldest river in North America. Its geologic formations as the river carves its 65-million-year-old path through the nearly 1,000-foot-high gorge walls are truly spectacular. The river's history offers a past rich in Indian culture and old coal mining communities which have provided the fuel for America's industrial development. The park also offers varied recreation opportunities, including hiking, rock climbing, canoeing, white water rafting, and some of the best fishing in the East.

This mix of resources offers great potential for the park visitor if carefully and fully interpreted by the Park Service. At the same time, much can be done to promote supporting economic development in the nearby communities—Fayetteville, Cunard, Thurmond, Glen Jean, Oak Hill, Prince, and Hinton. So it is in this context of park resource development and coordinated local economic development that I would like to start our discussions this afternoon.

The fiscal year 1988 appropriation bill contained $785,000 for development concept plans [DCP] in the Thurmond and Sandstone Falls areas. Smaller amounts were provided to fully fund these DCP's this year.

When will the initial planning be completed for these two areas?

Mr. MOTT. Mr. Chairman, Jim Coleman, the Regional Director, is here, and he has those details. As you know, I have been down there and visited the park and am very familiar with the operation. And I agree with your comments.

Jim will answer those detailed questions.

Chairman BYRD. Very well.

DEVELOPMENT CONCEPT PLANS

Mr. COLEMAN. Mr. Chairman, the DCPs for Sandstone and Thurmond are well underway. They have in a sense been written. They are under National Park Service review this month and should go to the public in July this year, and then there will be public meetings. We will certainly get public response in June or July.

Chairman BYRD. All right. Now, with reference to public meetings, what efforts have been made to date to discuss and coordinate your plans with the local citizens? You plan to have them in the future?

Mr. COLEMAN. Yes, sir; we have already, through the process of the DCP's, met with the public. When we have a draft done, we will go back and say this is what we got from your responses and from our experts, and see how they react to that.

Chairman BYRD. Last December the National Park Service acquired the Dragan property across the river from Thurmond and has recently agreed in principle to acquire the Bankers Club and certain other buildings in Thurmond.

I understand that you are also negotiating with the CSX Corporation to purchase the town's railroad depot and other structures. What is the status of your negotiations with the railroad, and what are the remaining issues other than price?

Mr. COLEMAN. Well, the railroad, just to coin a phrase, is bureaucratic in its structure, and there are many different offices that we have to complete our arrangements with. They are particularly interested at Thurmond in how we are going to deal with the safety aspects of the train still operating there and how we are going to get visitors there.

The DCP, which is partially underway, will answer those questions and we will get back to the CSX.

We haven't had any major obstacles. It just takes a long time in our negotiations.

Chairman BYRD. The negotiations are moving right along.

Mr. COLEMAN. They are moving, yes, sir.

Chairman BYRD. Once these CSX properties are acquired by the Park Service, you will own much of the old town of Thurmond and its environs.

Would you elaborate on your plans for Thurmond and what you are doing to ensure that the local economy will not dry up when these acquisitions are completed?

THE BANKERS CLUB

Mr. COLEMAN. Well, as I say, we don't have all of the plans completed, but we certainly want to keep the town alive.

We would hope that with things such as the Bankers Club, once we acquire it, which we are just about to do, we could open it up on a lease-back type of operation. Somebody could operate it as a restaurant, as it has been in the past. The same thing with perhaps some of the other properties.

Chairman BYRD. Perhaps for the record you ought to describe and identify the Bankers Club.

Mr. COLEMAN. Well, I stayed there overnight one time, and it's a hotel with a restaurant, which is about 25 or 30 feet, it seems like, from the railroad tracks, right in the center of Thurmond. It is an old historic structure, and it's a very interesting place.

Chairman BYRD. Perhaps you should also explain how the hotel appears, what it looks like on the inside. It's not anything like the Willard, is it? [Laughter.]

Mr. COLEMAN. No, sir; the facilities, such as they are, are down at the end of the hall. [Laughter.]

But it's quaint. [Laughter.]

Chairman BYRD. It is quite quaint. [Laughter.]

Can you tell us for the record how long the poker game went on?

Mr. MOTT. He wasn't in it.

Mr. COLEMAN. I wasn't in it, no.

Chairman BYRD. That was before his time.

Mr. COLEMAN. It was a long time. I have heard, but I forget. But it was a long time.

Chairman BYRD. The game went on for several years? [Laughter.]

I have heard varying accounts—5, 7, 10, and 12 years.

The Bankers Club and its adjacent buildings are example of turn-of-the-century structures that serve the New River coal mining community. In fact, these buildings were chosen as the backdrop for the filming of a movie about the coal mining turmoil in Matewan. Those of you who have seen Matewan or for those of you who have seen the movie, "Matewan," keep in mind that the backdrop is the old coal town of Thurmond, WV.

Now, I understand that the National Park Service has acquired the Pugh property—that is, the Bankers Club and the nearby buildings in Thurmond—today, at 2 p.m., just as the hearing was getting under way.

Do you have any comments?

Mr. COLEMAN. Unless there was a last-minute problem, that was my understanding.

Chairman BYRD. Well, this is a very significant acquisition, which will play a key role in your exhibitions telling the history of

the park. I look forward to the day when these buildings are restored and are open to the public.

What are your plans to preserve these buildings and to make them available to the public?

Mr. COLEMAN. Well, sir, we need to spend a little bit of money first off for emergency stabilization. The buildings, as you say, are in a fairly extended state of disrepair. They need some emergency work on them. That would be our first step.

Depending on how the DCP comes out, we might be able to get some investment, somebody to come in and operate it on a lease-back historic properties proposal, or maybe the Park Service will fix it up ourselves and then lease it out to somebody.

RESTORATION COSTS

Chairman BYRD. What would the costs, the restoration costs for these buildings which have now been acquired too late to be included in the fiscal year 1990 budget request, what would these costs amount to in fiscal year 1990?

Mr. COLEMAN. Well, our estimates—and these are fairly rough estimates—are about $400,000. And that is for emergency stabilization. We would probably need to plan the restoration of those buildings; that would be another $500,000.

Chairman BYRD. Until very recently, a restaurant and inn have been operating in the Bankers Club. Will those kinds of services continue once the Park Service restores the buildings?

Mr. COLEMAN. We think those kinds of services would be appropriate, very appropriate, for our development down there, yes, sir.

Chairman BYRD. Does the Park Service currently own, operate, and maintain public access sites on the New River?

Mr. COLEMAN. Well, sir, with the purchase of the Dragan property, for the first time we have good public access sites that we can advertise and direct people to.

We have had some access at the Cunard site, but that is not nearly as well developed as the Dragan properties, and we really didn't advertise it because we still have some property there from CSX.

Chairman BYRD. What about Stone Cliff?

STONE CLIFF

Mr. COLEMAN. Stone Cliff was part of the purchase, the Dragan property purchase. We will use that this year, as Mr. Dragan did, for commercial rafters. We also will have a part of that for the public. We have some money which was in the budget this year for development of the site there, and as soon as the design plans, which should be done this year, are finished, we will be doing some additional work to make that more accessible to the public at Stone Cliff.

Chairman BYRD. You had $1,550,000.

Mr. COLEMAN. That's correct.

Chairman BYRD. Which was appropriated to develop the Stone Cliff access site for white water rafting.

Mr. COLEMAN. Yes, sir; but there will also be a portion of that for the public to use.

CUNARD ACCESS SITE

Chairman BYRD. Does the Cunard access site offer a different type of river recreation from that offered by the Stone Cliff?

Mr. COLEMAN. Yes, sir; very distinctly, very different. It would be used more by fishermen than it is now. Once we acquire the property and develop it totally, there will be a lot more for individual usage.

Chairman BYRD. It's used now for fishing and canoeing?

Mr. COLEMAN. Yes, sir.

Chairman BYRD. And improvements are needed there?

Mr. COLEMAN. Yes, sir.

Chairman BYRD. Such as?

Mr. COLEMAN. The road that goes down there is not very good. It's just a dirt road.

There needs to be a turnaround, a place where people can put their canoes and boats in better and turn their vehicles around. We also need parking facilities.

Chairman BYRD. Launching ramps?

Mr. COLEMAN. Yes, sir.

Chairman BYRD. Restrooms?

Mr. COLEMAN. Restrooms, yes.

Chairman BYRD. Other recreation services?

Mr. COLEMAN. Yes.

Chairman BYRD. What would be the fiscal year 1990 cost to fully develop the Cunard access site, and how many visitors might use this facility annually?

Mr. COLEMAN. We project about $2.4 million for the full development at Cunard. In our preliminary estimates for visitation, sometimes that's a little hard to estimate exactly, but probably 55,000 or 56,000.

Chairman BYRD. About 56,000 visitors?

Mr. COLEMAN. Visitors at that site.

Chairman BYRD. And the amount of dollars?

Mr. COLEMAN. It is $2.4 million.

GRAND VIEW STATE PARK

Chairman BYRD. What is the status of your discussions with the State about Federal acquisition of Grand View State Park, and what would be the additional fiscal year 1990 operating and maintenance costs if that transfer were to go through?

Mr. COLEMAN. We have discussed this with the State. They asked us if we were interested. I went down to Charleston myself and met with some of the people there.

It's within the boundary of the park. The State park is completely within the boundary of the park, and the majority of the properties in the State park are quite compatible with the New River National River.

The only concern we have is with the theater operation which is there. It's operated by Theater West Virginia.

Mr. MOTT. By what?

Mr. COLEMAN. It's operated by a group called Theater West Virginia, with an arrangement with the State. Our preference really

would be that the State would still have some arrangement with them and that the Park Service wouldn't manage the theater.

NEW RIVER GORGE PARKWAY

Chairman BYRD. Mr. Mott, the Congress has provided $14.3 million in the highway bill to construct the New River Gorge scenic parkway. This parkway would connect the major east-west thoroughfare—that is I-64—with historic Hinton, WV, at the southern end of the New River Gorge National River.

This road has the potential for being a magnificent addition to the park. It would provide spectacular views for the visitors and offer important economic development opportunities for the communities at the southern end of the park, principally in Hinton.

What is the status of the New River parkway alternative study which is presently underway?

Mr. MOTT. That study is underway at the present time. I don't know—what is the date that it is to be completed?

Mr. COLEMAN. They are now, I believe, considering doing an environmental impact statement as opposed to an assessment because, I believe, of some of the controversy that the State people have run into at the south end.

They anticipate that their alternatives will be available at the end of the fiscal year.

Chairman BYRD. By the end of the fiscal year?

Mr. COLEMAN. I'm sorry. The calendar year. Excuse me.

Chairman BYRD. The end of the calendar year.

Could you provide for the record a list of all meetings with local officials and the public to discuss the parkway alternatives and their impacts on the park and local communities?

Mr. COLEMAN. Yes, sir.

[The information follows:]

MEETINGS RELATIVE TO NEW RIVER PARKWAY

Since the establishment of the New River Parkway Authority in May 1985, monthly meetings have been held with public and Government agencies regarding the proposed New River Parkway. Copies of the New River Parkway concept plan were widely distributed in 1987 and several public meetings were held. The National Park Service, as an ex-officio member, attends all meetings. The State is preparing the alternatives study and environmental impact statements. The State also attends the Parkway Authority meetings and provide reports and progress. The State held a Federal and State agency coordination meeting which was also attended by the Authority members in January 1989. At this meeting preliminary alternatives and impacts were discussed. The State is now preparing a draft environmental impact statement that will include the alternatives and a study of impacts. This document is expected by the end of the calendar year. At that time, public meetings will be held.

ECONOMIC BENEFITS OF THE PARKWAY

Chairman BYRD. Have you any estimate of the potential economic benefit of such a parkway to the communities at the southern end of the New River Park?

Mr. COLEMAN. No, sir; we don't. I think that is something that we in our region and, I think, probably a lot of my comrades here from other regions would say, that we haven't done as much and don't have as much information about economic potential for parks

and parkways and other things that we should. I think this information would be valuable to have, but we just don't have it yet.

NEW RIVER PARKWAY

The communities at the southern end of the New River Park are likely to benefit economically from the construction of the parkway because it will provide a better and more direct road access creating an important link between existing recreational areas. Increased visitation will produce more tourism and the need for more visitor services, especially motels, bed and breakfast inns, restaurants, and campgrounds in the area. Land values along the parkway may also increase.

ECONOMIC STUDIES

Mr. MOTT. Mr. Chairman.

Chairman BYRD. Yes, Mr. Mott?

Mr. MOTT. I would like to say that one of the things that we are developing in the Department is a social science program so that we can do this kind of study, economic studies as well as learn something about the people using the park, how they are using the park, what are some of the things that they would like to know.

We have just completed a study on the Great Smoky Mountains National Park along these lines and have found that we are adding to the regional economy of the area approximately $2 million a year and that, rolled over, would amount to $1 billion a year in increased revenue to the region around the Great Smoky Mountains.

We think that it is very important that this social study program continue so that we can do a better job of planning as well as understanding the use of the park by the people—excuse me, $200 million a year.

Chairman BYRD. All right.

CONSTRUCTION OF PARKWAY

How soon could construction begin on the parkway once an alternative is selected?

Mr. GALVIN. A year from final design after the alternative is selected, and then you could begin construction. Obviously, a parkway can be built in stages, as we have done with the Blue Ridge and the Natchez Trace Parkways.

So, I would say—when is the EIS to be completed?

Mr. COLEMAN. I think at the end of the calendar year.

Mr. GALVIN. The end of this year. So, that's the beginning of 1990. Probably construction would be something like 1991 or 1992 when it could begin, then given 1 year for final design once you've selected the route.

Chairman BYRD. Calendar year or——

Mr. GALVIN. Fiscal year.

Chairman BYRD. Fiscal year.

Is there anything that the Park Service could be doing in conjunction with the State of West Virginia to accelerate the completion of that project?

Mr. COLEMAN. Not that I know of. We have worked very closely with them, the team of engineers and designers from the Denver Service Center that have solved a number of problems.

Mr. GALVIN. Yes; I think some of the meetings between the Park Service staff and the State Highway Department have, in effect, ac-

celerated the schedule because they have agreed on some of the more difficult routing sections, have agreed on where the existing roadways can be used as the roadbed for the parkway.

Chairman BYRD. Does the planning for the parkway impose a substantial burden on local officials in the New River area?

Mr. COLEMAN. They do have a lot of work to do, and they have contributed significantly. We have had some money in our budget appropriated to assist the State and local people with that plan.

Chairman BYRD. That's the $60,000?

Mr. COLEMAN. Yes; $60,000.

Chairman BYRD. The $60,000, which we added last year.

Mr. COLEMAN. Yes, sir.

Chairman BYRD. To help local officials to hire technical advisors. I am advised that the Park Service has not requested the $60,000.

Mr. COLEMAN. That's correct, sir.

Chairman BYRD. Now, why have we not included the $60,000 in your fiscal year 1990 budget request for this purpose?

Mr. COLEMAN. That was part of the add-ons.

Mr. GALVIN. Mr. Chairman, this 1990 budget does not numerically include any of the congressional add-ons that were made in 1989. They amount to some $14 million overall and nationwide.

Chairman BYRD. This is the way that the OMB gets even, and we can understand the reason for their bad name. This is like the line-item veto approach. Congress puts in the money; and then because of OMB, it's not used and they don't put it in the new budget.

Well, these funds should be included again. I intend to work for the restoration of the funds, and I expect that the National Park Service will do all that it can to cooperate with the local officials in the development of this important resource at the southern end of the New River Gorge National River.

Senator McClure.

Senator MCCLURE. Might I yield to Senator Cochran?

Chairman BYRD. Very well.

Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you.

Thank you, Senator McClure, for yielding to me.

NATCHEZ NATIONAL HISTORICAL PARK

Mr. Mott, I want to commend you for the fine job you are doing as Director of the National Park Service. I also appreciate very much the cooperation that you personally, and members of your staff in the Atlanta regional office, have given to the effort to develop the new Natchez National Historical Park at Natchez, MS.

Last year, as you know, Congress enacted a bill that authorized this new park to be established. Since then there have been visits to Natchez by members of your staff and offices of the National Park Service to carry out the intent of that law.

Two or three things are required of the National Park Service under that law. One is to determine the feasibility of extending the Natchez Trace Parkway into the city of Natchez, to the Mississippi River.

I would be curious to know what the status of the work is in developing these studies and responding to the direction of that bill as far as the establishment of the park is concerned.

Mr. MOTT. Our Denver Service Center is developing the plans now for that extension, and we will be having a report completed on that subject or at least that will indicate the feasibility of extending that parkway through the area.

FORT ROSALIE

Senator COCHRAN. One other thing that is mentioned in the legislation is the acquisition of the site of Fort Rosalie. This is the first settlement that was located on the Mississippi River, and it has some major significance as a historic landmark.

I wonder whether there has been progress made in determining whether this site is of such national historical interest that it should be included as part of the property of the new park?

Mr. MOTT. The advisory council, when this was presented to them about 1 year ago, felt that this area was not of national significance by virtue of the fact that a great deal of work had been done on the area, destroying its integrity.

We are taking a second look at that and making a further study of that whole subject. We feel that this is a logical terminus for the Natchez Trace Parkway. We feel that there is a historic significance to the area, that it has a great deal of value from an interpretive point of view.

We are now reviewing that, and we will be coming up with a recommendation of how that can fit into the completion of the Natchez Trace Parkway.

Senator COCHRAN. We appreciate the work that you are doing on this.

Let me ask you whether, in connection with the studies and the reviews that you are making, if there would be additional requirements for funds to be used by the Park Service for these purposes?

ADDITIONAL FUNDING

Mr. MOTT. There is a possibility that we will need additional funds, particularly with regard to the Natchez Trace Parkway itself. As you know, we will need considerable more money than we have at the present time to complete that project. Approximately 21 miles, I recall, needs to be completed within Mississippi, and it's going to take something in the neighborhood of about $28 million to do that job.

We will be presenting that information as we complete all these studies and have our public hearings and get the input from the public relative to the total development.

Senator COCHRAN. I have some specific questions about procedures to be followed in developing this park property as a new national park.

I would like to submit those in writing, Mr. Chairman, if I could, and have the Director respond to those in that fashion rather than take up the time of the committee with the technical details.

Mr. MOTT. We would be very happy to do that.

Senator COCHRAN. Mr. Chairman, we thank the Director very much and also for his support for the completion of the Natchez Trace Parkway.

This is a project that was authorized 51 years ago, and it has been slowly constructed over time. We hope that before we are all dead and gone, we would see that parkway completed. It is in the States of Tennessee, Alabama, and Mississippi, spanning the distance from the Hermitage at Nashville to the bluff of the river at Natchez, quite a historic route.

Chairman BYRD. You extend it up to West Virginia, and I will try to get it finished. [Laughter.]

Senator COCHRAN. We may have something here. Which part would be built first? [Laughter.]

I thank the Chairman, and I thank the Director, and I thank the Senator from Idaho.

Chairman BYRD. I thank the Senator.

Senator Bumpers.

Senator BUMPERS. Thank you, Mr. Chairman.

OILSPILL—KENAI FJORDS NATIONAL PARK

Mr. Mott, let me ask you this. There was a news report yesterday that showed that the oilspill in Alaska is moving toward the Kenai Fjords National Park. Were you aware of that?

Mr. MOTT. Yes, Senator.

Senator BUMPERS. Have any contingency plans been made to protect that park?

Mr. MOTT. Yes; and our Regional Director from Alaska is here and can give you an up-to-date statement on that subject.

Senator BUMPERS. Boyd Evison.

Mr. MOTT. Yes; Boyd Evison.

Mr. EVISON. Yes; the oil has moved toward the park. Actually there is kind of an advance slick that has reached 2 or 3 miles off the Chiswell Islands, which are right off of Kenai Fjords National Park, at a point about 10 miles south of the mouth of Resurrection Bay, which reaches back along part of the park and into the community of Seward.

We brought in an incident command team which fortunately was available because it had been turned away from activity at Valdez, and they have done a good job of getting things set up for us, beginning essentially with a very hurried inventory of the resources that would be affected if that oil does reach the coast of the park.

It is broken down into four subteams. It's an incident command team set up much the same way that a team is set up on a major fire, for example—it's made up of people from a number of agencies. It happens to be headed up by someone from the Bureau of Land Management. They have done an excellent job of getting things lined up and working in coordination with the community of Seward and Kenai and with native corporations and landholders along the coast of the park inside the park.

So far, that has worked extremely well. I am not sure how much we can actually do if the oil does reach there in any great quantities.

Senator BUMPERS. How far is it from the park now?

Mr. EVISON. The real mass of the oil is apparently about 30 miles away from the park on a front of about 15 to 25 miles away. Right now it's more or less static where it's closest to the park. The wind direction is helping us. That wind direction may change, and you may see a different effect very soon.

We worked in conjunction with others and developed a priority system for the placement of booms along the routes of some of the creeks into which there are significant salmon runs. Two of those creeks have had booms put across them outside of the park, one inside the park at Patterson lagoon.

There is a significant additional amount of booming material being brought in, and some of it is in place now in Seward, prepared to be put into place.

The Coast Guard has assigned a lieutenant to the scene in the last day or so. He has said that we should not place any more booms. They're not sure just how long. We are standing by on that, but continuing to gather the baseline data on the resource so that we can judge what the effects, immediate and long term, are for the oil on those routes.

Senator STEVENS. Would the Senator yield right there?

You know, I visited them on Saturday, and you would be very proud of this team. It's an excellent team. This is the one area that is really prepared for the onslaught if it comes.

One thing that Mr. Evison didn't mention is the current prevailing wind is offshore and that is keeping this oil off the Kenai Fjords and out of the Resurrection Bay at this present time, although we can't hope for that to keep up because that is contrary to the normal prevailing wind. It just happens that there's very good weather conditions up there and this offshore wind rather than an onshore wind at the present time.

HOT SPRINGS NATIONAL PARK

Senator BUMPERS. Thank you, Senator.

Mr. Mott, one other question. That is, you know, we're planning a big celebration down in Hot Springs, May 13, to dedicate our Fordyce Visitor Center. There's a possibility that the President is going to come down. It's going to be a big deal.

We have one problem. The film for the visitor center hasn't been completed. I understand it's being made down at Harpers Ferry, but there's a question as to whether or not it's going to be ready in time for that opening.

I wish you would check on that and see if you can expedite that so that we do have it ready.

Mr. MOTT. I would be glad to do that.

Senator BUMPERS. I don't have any other questions, Mr. Chairman.

[The information follows:]

FORDYCE VISITOR CENTER, HOT SPRINGS NATIONAL PARK

The exhibits and historic furnishings for the Fordyce Visitor Center at Hot Springs National Park are complete, and ready for installation. The film on bathing has been completed and converted to video and will be installed with the exhibits. The sound/slide show has been completed and will be installed. A new film is un-

derway and will be installed this fall. This film is progressing according to a schedule agreed upon by the park and was not to be used for the opening ceremonies.

RECOVERY COSTS FOR OILSPILL

Chairman BYRD. Senator McClure, did you want to ask?

Senator MCCLURE. Mr. Chairman, yes. Thank you very much. I will be very brief. In the first part I will develop a couple of issues and then yield to the other members so that they may have a crack at it.

I want to follow up on the oilspill question just very briefly. Mr. Director, I hope you will ask your people to account for the additional costs separately. There will be some recovery money paid by the oil companies involved, and I think the agencies that have extraordinary expense ought to get the first crack at that money rather than going into the Treasury and then returning it to the agency.

Mr. MOTT. We are keeping very accurate records with regard to all of our expenditures so that we can provide that information, and we make it available at the end of every week.

Senator MCCLURE. I hope that we will be able to, first of all, get some money from the companies that are involved so that we will pay bills, and I will attempt to help the agencies get that available money off the top of the funds that may be provided.

Mr. MOTT. It's very important that we get that money as quickly as possible because we are using our manpower on this oilspill and it does create a problem for us in doing the work that we need to do. So that that money should be forthcoming and we should be able to use that money to supplement our present budget in order to bring back some temporary help to help us do the job.

Senator MCCLURE. I agree with you very wholeheartedly, and I will do what I can to help you in that regard.

Mr. MOTT. Thank you.

HAGERMAN FOSSIL BEDS NATIONAL MONUMENT

Senator MCCLURE. I want to ask a couple of questions that kind of took off on what Senator Byrd was saying earlier about money that was the result of congressional add-ons which are not now budgeted.

Congress last year authorized the Hagerman Fossil Beds National Monument. I believe that the region is trying to move some money in for fiscal year 1989, and I know you already have a man there. I talked to him last week. I commend you for moving that rapidly on it. It is a challenging and exciting opportunity for the interpretation of a site that has long been known among scientific circles but not so well known to the general public.

But in spite of the fact that you moved to get a man there this year and you are going to reprogram some money, obviously, to cover his salary, there is nothing budgeted for 1990. I am a little puzzled to know how it is you can start an activity in 1989 and have no funds at all for it for 1990.

Mr. MOTT. Well, we are going to carry out just as we have this year, with taking funds from some of our other operations in order to carry out that project. Normal process on something of this sort

is for us to do the necessary planning, come up with cost estimates for operation and so forth, and then have that money appropriated into our budget.

In this case, the parks were authorized but no funds were made available to maintain and operate them or do the planning necessary. So, we have to maintain them on this very limited basis by taking personnel from other operations in order to keep the project moving, and we will be doing that again this next year.

Senator MCCLURE. I understand that, and I do hope you will have an estimate for us of the funding requirement, together with a development management plan estimate.

Mr. MOTT. We will be glad to provide you with that information.

Senator MCCLURE. So that we will have it in time to consider in connection with our appropriation bill this year.

Mr. MOTT. We will be glad to make that available to you.

[The information follows:]

HAGERMAN FOSSIL BEDS NATIONAL MONUMENT

It is estimated that $150,000 is the requirement to maintain the area and to protect and interpret the resources. A preliminary General Management Plan to guide the development of the area would cost approximately $65,000.

PLANNING FUNDS

Mr. GALVIN. Senator McClure, this budget does request an additional $730,000 in the planning account in park, recreation, and wilderness planning, an increase of some 35 percent in that account. That increase is in recognition of the 14 new areas created by the 100th Congress. It may not be enough to cover all the planning, but we have been able to request that increase. So, that should help with the expanded planning for it.

Senator MCCLURE. That is about $50,000 per unit?

Mr. GALVIN. That's correct. Which is inadequate.

Senator MCCLURE. I wouldn't suggest that that is even going to touch it, is it?

Mr. GALVIN. No; I would estimate——

Senator MCCLURE. Some $2 million.

Mr. GALVIN. About $150,000 a unit would be more like the planning requirement.

BACKLOG OF PARK MAINTENANCE NEEDS

Senator MCCLURE. And again, Congress is awfully good at authorizing but not necessarily as good at funding.

I noticed on page 1 of your statement, Mr. Director, that there is a reference to a backlog. I wanted to ask you a question about that.

Look down at the last paragraph on the first page of your statement. There is an identified backlog of park maintenance needs, not the planning or development needs, just the maintenance needs.

Could you provide to the committee a list of the identified backlog of park maintenance needs?

Mr. MOTT. We would be very happy to do that.

[The information follows:]

NATIONAL PARK SERVICE MAINTENANCE BACKLOG

The Service does not have an exact dollar estimate of maintenance needs at the present time. Maintenance Management System implementation is currently in progress throughout the Service, estimated to be completed by late fiscal year 1990. Once implementation efforts are completed and parks have an opportunity to go through a few reporting cycles, and refine the system to meet individual park needs, more precise data regarding minimum and optimal maintenance requirements is expected to be available on a Servicewide basis.

At the present time, the best information available comes from two sources, the 1988 General Accounting Office (GAO) Investigative Report on park maintenance deficiencies and a National Park Service 1988 maintenance backlog compilation conducted to confirm the GAO findings.

The GAO report stated that park managers estimate that an additional $125 million is needed annually to fully fund the Cyclic Maintenance and Repair and Rehabilitation Programs. The National Park Service compilation produced a maintenance project listing totaling $1,363,100,000. If it is assumed that a 10-year cycle would be appropriate to eliminate the backlog, this would translate to an annual funding level of $136.3 million, very close to the GAO report totals of $125 million annually.

Of course, these estimates reflect the cost of an optimal maintenance program that would be desirable to carry out in the absence of resource constraints. A lesser maintenance effort can address immediate park needs and prevent hazards to public health and safety. The Department believes the Park Service maintenance budget request for fiscal year 1990, which includes a significant funding increase over the fiscal year 1989 enacted level, is adequate for these purposes.

PARK MAINTENANCE NEEDS

Senator MCCLURE. Do you know what the total is, just offhand?

Mr. MOTT. My recollection is that it is somewhere in the neighborhood of $2 billion, I guess.

Senator MCCLURE. The GAO report, which is—good shot. [Laughter.]

Billion?

Mr. MOTT. It's a sizable amount. [Laughter.]

What is the GAO report figure?

Mr. GALVIN. The GAO report, which is one of the sources for the maintenance backlog, cited a capital improvement need of $1.7 billion. That is, reinvestment in facilities, not new facilities.

In addition, it identified a shortfall of $52 million in operational maintenance, about one-half of which we have been able to make up in the last two budgets.

In addition, it showed a cyclic maintenance shortfall of about $125 million, and we have not been able to make that up.

Senator MCCLURE. As bad as those figures are, and I don't dismiss them, that is not nearly as bad as it was 10 years ago.

Mr. GALVIN. I would tend to agree with the Senator.

Senator MCCLURE. We have made a lot of progress.

Mr. GALVIN. That's correct.

Senator MCCLURE. In terms of routine maintenance.

Mr. GALVIN. That is absolutely correct. In fact, in the 1970's the construction budget has very largely been devoted to rehabilitating existing facilities.

BACKLOG OF DEVELOPMENT COSTS

Senator MCCLURE. Let me shift—oh, before shifting, would you also provide for me a breakdown of the backlog of development costs? Those are new facilities that are——

Mr. GALVIN. Servicewide priorities.
Senator MCCLURE. Yes; please.
Mr. MOTT. Yes, Senator; we will.
[The information follows:]

CONSTRUCTION PROGRAM

The National Park Service backlog of development and associated costs by priority follows:

	PARK/ORGANIZATION/DEVELOPED AREA/TITLE				PKG TOTAL
9.0	YELLOWSTONE NP	662	PARK GENERAL CI	REPLACE OR REHAB LAMAR RIVER BRIDGE	18,368,000
20.0	JOSHUA TREE NM	173	PARK GENERAL	RECONSTRUCT UNSAFE/ DETERIORATING ROAD	85,000
34.0	GATEWAY NRA	149	STATEN ISLAND	REHAB GREAT KILLS SEAWALL AND STABILIZE BATHHSE	14,579,000
41.5	GEO WASH MEM PK	634	AMB TO ALEX CIT	COMP REPLACEMENT CONDEMNED PKWY MAINT FACILITY	240,000
43.0	YOSEMITE NP	473	PARK GENERAL	RECONSTRUCT FAILING ELECTRICAL SYSTEM	12,673,000
70.5	SEQUOIA NP	200	CLOVER CREEK	WATER SEWER ROAD SYSTEM	6,026,000
70.6	SEQUOIA NP	113	GRANT GROVE	SERVICE STATION	350,000
80.4	BRYCE CANYON NP	141	PARK GENERAL	REHABILITATE SECTION OF ROUTE #1, 3 MILES	404,000
81.0	CANAVERAL NS	107	PARK GENERAL	CONSTRUCT BEACH COMFORT STATIONS - 26 UNITS	766,000
84.0	GRAND CANYON NP	352	NORTH RIM	REPLACE EXISTING POWER DISTRIBUTION SYSTEM	5,000
85.0	KLONDIKE GOLDRU	114	SKAGWAY	RESTORATION ADAP USE OF HISTORIC STRUCTURES	5,685,000
86.0	HARPERS FERRY N	114	PARK GENERAL	CORRECT UNSAFE VISITOR ACCESS TO PARK	100,000
89.0	HUPAIKI NM	103	PARK GENERAL	RECONSTRUCT MAIN LOOP ROAD	7,585,000
90.0	MESA VERDE NP	223	PARK GENERAL	CONSTRUCT COMPLETE WATER TREATMENT PLANT	2,471,000
105.0	SLEEPING BEAR D	190	PLATTE	REHABILITATE PLATTE RIV CAMPGROUND	7,450,000
108.5	GEO WASH MEM PK	474	DAINGERFIELD IS	REHAB FACILITIES-CONC SUPPORT/DAINGERFIELD	2,145,000
109.0	BLUE RIDGE PARK	132	PARKWAY GENERAL	LINE TUNNELS OR REPAIR CONCRETE LINERS-DRAINAGE	8,333,000
112.0	NCP-EAST	316	PARK GENERAL	REHAB NPS OWNED MARINAS UTILITIES AT 2 MARINAS	3,465,000
115.0	OZARK NSR	103	AKERS FERRY	RELOCATE CMPGRND,CONC,FACILS,ETC,FROM FLOODPLAIN	8,049,000
116.0	DELAWARE WATER	64	PARK GENERAL	REPAIR/REPLACE UNSAFE VIS FACIL UTILS ROADS	7,501,000
118.0	WOLF TRAP FARM	130	PARK GENERAL	PROVIDE SANITARY FACILITY FOR VISITOR HEALTH	2,090,000
120.0	BANDELIER NM	214	FRIJOLES MESA	CONSTRUCT MAINTENANCE/STORAGE FACILITIES	3,296,000
121.0	PETRIFIED FORES	111	PARK GENERAL	CONSTRUCT WATER TREAT MENT FACILITY	7,769,000

FY78 LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

PARK/ORGANIZATION/DEVELOPED AREA/TITLE				LINE ITEM PKG TOTAL
121.5 REDWOOD NP	149	DEL NORTE	CORRECT UNSAFE CAMPING (FRESH WATER LAGOON)	24,200
124.0 MOUNT RAINIER N	315	SUNRISE	REHAB SUNRISE DEVELOPMT/LODGE	2,729,000
127.0 FORT MCHENRY NM	231	PARK GENERAL	REPAIR ORIGINAL FORT DRAINAGE SYSTEM	1,425,000
127.5 GRAND TETON NP	171	PARK GENERAL	RECONST. 11.5 MI NT 7 MOOSE-N. JENNY LAKE JCT	7,000
130.0 DEATH VALLEY NM	278	WILDROSE	REPAIR WILDROSE & THORN-DIKE WATER SYSTEM	350,000
131.0 CRATER LAKE NP	220	PARK GENERAL	CONSTRUCT REPLACEMENT FACILITIES FOR LODGE	26,123,000
135.5 ACADIA NP	267	PARK GENERAL	REHABILITATE PARKSIDE ROAD SYSTEM	3,151,000
136.0 GEO WASH MEM PK	137	GLEN ECHO PARK	REMOVE/REHAB UNSAFE BLDGS AT GLEN ECHO/SAFETY	3,545,000
136.5 NCP-CENTRAL	409	THE MALL	FINISH SCULPTURE GARDEN NATL MALL-CONC. SUPPORT	4,130,000
137.0 DELAWARE WATER	111	PARK GENERAL	REHAB 4 HIST BLDGS 1.9 MI TRLS PKING SLATEFORD	1,043,000
138.0 GATEWAY NRA	109	PARK GENERAL	RESURF RDS & PKGS. REHAB BLDGS & GROUNDS	5,543,000
140.5 JOHN D ROCKEFEL	131	PARK GENERAL	EXPAND UTILITIES FOR CONCESSION REDEVELOPMENT	648,000
141.0 BIG BEND NP	113	CHISOS BASIN	CONSTRUCT VISITOR CONTACT STATION	996,000
143.5 GLEN CANYON NRA	340	BULLFROG BASIN	CONSTRUCT CONCESSION SUPPORT FACILITIES	5,179,000
144.0 SLEEPING BEAR D	213	GLEN LAKE	REHABILITATE FACILITIES, STOCKING SCENIC DRIVE	3,208,000
146.0 UPPER DEL SC &	110	PARK GENERAL	RECONSTRUCT ROCKLING BRIDGE	2,620,000
149.0 OZARK NSR	238	ALLEY SPRING	RESTORE ALLEY MILL, OZAR-CI	1,196,000
150.0 FRED SPOT AMP	107	PARK GENERAL	STAB HIST STRUCTURES (7) SITE RESTORATION	599,000
153.0 CANYONLANDS NP	203	PARK GENERAL	BUILD VISITOR & PARK SUPPORT FACILS-2 DISTRICTS	5,168,000
157.0 GOLDEN GATE NRA	143	MARIN HEADLANDS	CONSTRUCT NEW SEWAGE SYSTEM	
159.0 GATEWAY NRA	150	SANDY HOOK	REHAB ROAD SYSTEM	200,000
161.0 BLUE RIDGE PARK	504	PARKWAY GENERAL	DAM REPAIRS-JULIAN PRICE,TROUT,S BASS LAKES	4,338,000
163.0 MARTIN VAN BURE	102	PARK GENERAL	REHAB HISTORIC STRUCTURE	928,000
165.0 ASSATEAGUE ISLA	230	PARK GENERAL	NORTH BEACH DAY USE FACILITIES	1,223,000

FYP LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

LINE ITEM

PARK/ORGANIZATION/DEVELOPED AREA/TITLE				PKG TOTAL
167.0 GRAND CANYON NP	110	SOUTH RIM	RESURFACE SOUTH ENTRANCERD	3,630,100
170.0 NCP-EAST	315	PARK GENERAL	REPAIR MAJOR DEFECTS- SUITLAND PARKWAY	6,000,000
171.0 YOSEMITE NP	504	EL PORTAL	PHASE ONE DEVELOPMENT	45,287,000
172.0 MARTIN L KING J	102	PARK GENERAL	PROVIDE INITIAL FACILITIES - REHAB	6,593,000
173.0 BOSTON AFRICAN-	102	PARK GENERAL	REHABILITATE AFRICAN MEETING HOUSE	877,000
174.0 NCP-CENTRAL	759		PRESERVE LINCOLN AND JEFFERSON MEMORIALS	4,305,000
176.0 SEQUOIA NP	840	PARK GENERAL	RECONST MAJ PARK ROADS	20,000,000
177.0 ALASKA REGIONAL	150		CRITICAL HOUSING PROG.	2,720,000
178.0 AMISTAD RA	197	PECOS RIVER	RECONSTRUCT BOAT LAUNCH RAMP	1,142,000
179.0 GRAND CANYON NP	149	GRAND CANYON VI	CONSTRUCT 25 EMPLOYEE RESIDENCES	14,387,000
180.0 FRIENDSHIP HILL	112	PARK GENERAL	PRESERVATION AND REHAB OF GALLATINS MAIN HOUSE	1,567,000
183.0 ISLE ROYALE NP	250	ROCK HARBOR	REPL. INADEQUATE PKG.SEWAGE TREATMENT PLANT	532,000
184.0 BOSTON NHP	132	OLD STATE HOUSE	REHABILITATE OLD STATE HOUSE - PHASE II	6,222,000
185.0 GUADALUPE MOUNT	111	PINE SPRING	CONST GRNL HQ/VIS SVCS FLDS W/EXITS,UTLS,RESERVE	536,000
186.0 GATEWAY NRA	110	SANDY HOOK	REPLACE BEACH CUTLES,PARKING,UTIL./SANDY HOOK	10,312,000
187.0 CAPE LOOKOUT NS	125	SHINGLE POINT	REPLACE DETERIORATED FISH CAMP STRUCTURES	3,482,000
189.0 SHILOH NMP	134	PARK GENERAL	STABILIZE RIVERBANK	3,929,000
190.0 ROCKY MOUNTAIN	129	GRAND LAKE ENTR	REPLACE OLD CABINS & TRAILERS WITH 32 APARTMENTS	3,469,000
192.0 HOT SPRINGS NP	145	PARK GENERAL	CONVERT FORDYCE BATHHSE TO VC; REHAB BATHHSE ROW	8,627,000
194.0 BISCAYNE NP	104	CONVOY POINT	REPLACE DETERIORATED TEMP VISITOR & SUPPORT FACS	6,539,000
195.0 GEO WASH MEM PK	331	PARK GENERAL	CONSTRUCT CRITICAL LINK IN COMMUTER BIKE TRAIL	1,967,300
196.0 LOWELL NHP	117	PARK GENERAL	STABILIZE, REHABILITATE BOOTT MILL COMPLEX	4,792,000
197.0 GATEWAY NRA	169	PARK GENERAL	REHAB DETERIORATED UTILITY SYSTEM	6,346,000
199.0 GEO WASH MEM PK	300	GREAT FALLS PAR	REPAIR STRUCTURAL DAMAGE-POTOMMACK CANAL (3%+)	3,300,000

FY 1990 LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

PARK/ORGANIZATION/DEVELOPED AREA/TITLE				LINE ITEM PKG TOTAL
200.0 JOSHUA TREE NP	179	PARK GENERAL	RECONSTRUCT UNSAFE/ DETERIORATING ROAD	13,932,300
202.0 EISENHOWER NHS	111	PARK GENERAL	WATER AND FIRE SUPPRESS-ION SYS 1150' 6" WATERLN	369,000
203.0 GETTYSBURG NMP	102	PARK GENERAL	WATER AND FIRE PROTECTION SYSTEMS	705,000
204.0 GLACIER NP	357	PARK GENERAL	REHAB SPERRY CHALET,BUILD 2 LAKE MAC LODGE DORMS	1,572,000
205.0 EDISON NHS	110	GLENMONT UNIT	REHAB INTERIOR EDISON HOME	287,000
206.0 GATES OF THE AR	139		CONST COMMUNICATIONS SYSTEM-PARKWIDE	308,000
207.0 N W ALASKA AREA	105		PARK-WIDE RADIO SYSTEM	151,000
208.0 JOHN DAY FOSSIL	195	SHEEP ROCK UNIT	CONSTRUCT THOMAS CONDON VISITOR CENTER	1,723,000
210.0 BOSTON NHP	151	FANEUIL HALL	REHAB FANEUIL HALL	5,670,000
211.0 LAKE MEAD NRA	242	PARK GENERAL	RELOCATE LAKESHORE RD RT 2	11,800,000
212.0 GEO WASH MEM PK	461	PARK GENERAL	UPGRADE VISUAL QUALITY/SAFETY-GWMP PHASES I--	34,082,000
213.0 WOMEN'S RIGHTS	106	PARK GENERAL	DEVELOP WESLEYAN CHAPEL	110,000
214.0 KALAUPAPA NHS	197		RECONSTRUCT WATER SYSTEM	5,666,000
215.0 COLONIAL NHP	177	JAMESTOWN ISLAN	SHORELINE PROT ALONG JAMES RIVER-1500 LF	642,000
216.0 BUFFALO NATIONA	185	PARK GENERAL	IMPROVE RIVER CAMPSITES LAUNCHES AND FORES	9,791,000
217.0 CUMBERLAND ISLA	112	MAINLAND	CONST VISITOR CEN, PKG, UTIL, EXHIP, MAINT FACIL	3,662,000
218.0 ANDERSONVILLE N	100	HEADQUARTERS	CONST INFO CENTER,UTILITIES,ROADS & PARKING	5,328,000
219.0 N W ALASKA AREA	106		CO-OP FACILITIES	1,098,000
220.0 WAR IN THE PACI	809		INITIAL DEVELOPMENT	1,560,000
222.0 NCP-CENTRAL	430	PARK GENERAL	ENHANCE VISITOR EXPERIENCE-WASHINGTON MONUMENT	5,081,000
224.0 HAWAII VOLCANOE	179	KALAPANA	BUILD FENCE	126,000
225.0 ELEANOR ROOSEVE	104	PARK GENERAL	REHAB HISTORIC BLDGS + SITE + ROADS	1,586,000
226.0 JEFFERSON N E M	241	PARK GENERAL	INSTALL LIFE SAFETY&HANDICAPPED ACCESS IMPRVMNT	525,000
227.0 HUBBELL TRAD PO	150	PARK GENERAL	IMPROVE CURATORIAL STORAGE	917,000

SYS LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

	PARK/ORGANIZATION/DEVELOPED AREA/TITLE			LIN ITEM	PKG TOTAL
228.0	KATMAI NAT PRK	140	KING SALMON	HEADQUARTERS EXPANSION HEADQUARTERS EXPANSION	5,800,000
229.0	GRAND TETON NP	136	MOOSE	REHAB.VIS.CTR.,REPLACE ROOF THAT COLLAPSED	1,282,000
230.0	CASTILLO DE SAN	116	PARK GENERAL	STAB FORT,REPLACE FEE BOOTH	2,765,000
231.0	HAMILTON GRANGE	105	PARK GENERAL	REHAB HAMILTON GRANGE PHASE II	1,143,000
232.0	ALLEGHENY PORT	104	PARK GENERAL	STAB REHAB FOUND. & MISTBLOCK 13 HIST STRUCTURES	2,926,000
233.0	COLONIAL NHP	251	PARK GENERAL	REHAB 7 BRIDGES PAVEMENTREPAIR/REPLACE COLO PKWY	6,230,000
234.0	SLEEPING BEAR D	282	NORTH MANITOU	CONSTRUCT DOCKING FACILITY, PHASE II	1,360,000
235.0	GRAND CANYON NP	445		NORTH RIM DEVELOPMENTS	2,950,000
237.0	SHENANDOAH NP	248	LOFT MOUNTAIN	SUPPL WATER SUPPLY INCL WELL PUMPS ACCESS ROAD	218,500
239.0	GLACIER BAY N P	180	BROOKS RIVER	BARTLETT COVE RE-DEVELOP	14,121,000
240.0	GRAND CANYON NP	310	NORTH RIM	REHABILITATE NR WATER SYSTEM PHASE 2	3,924,000
241.0	NCP-EAST	106	FORT WASHINGTON	REHAB DETERIORATING STRUCTURES-FT WASH/PISCH USE	9,808,000
242.0	DENALI NP & PRE	236	PARK GENERAL	SEWER FACILITIES-HQ&TRS	466,000
243.0	BIG BEND NP	229	PARK GENERAL	RECONSTRUCT MAJOR PARK ROADS	27,870,000
244.0	GATEWAY NRA	147	BREEZY POINT	REHAB/STABILIZE J. RIIS BATHHOUSE & PARK	4,621,000
246.0	INDEPENDENCE NH	163	PARK GENERAL	REPAIR/REPLACE UNSAFE WALLS, WALKS INDE MALL	1,495,000
248.0	VIRGIN ISLANDS	102	CRUZ BAY, ST. J	RECONSTRUCT STRUCTURE FOR VISITOR CENTER	2,034,000
249.0	GEO WASH MEM PK	103	ARLINGTON HOUSE	SECURITY & CLIMATE CONTROL-ARHC FURNISHINGS	1,964,000
250.0	BOSTON NHP	155	NAVY YARD (CHAR	RELOCATE HISTORIC PRESERVATION CENTER & LEDG 28	5,651,000
252.0	HALEAKALA NP	149	KIPAHULU	CONSTRUCT POTABLE WATER SYSTEM	1,172,000
253.0	LAKE MEREDITH R	192	SANFORD-YAKE	CONNECT TO FRITCH CITY WATER SYSTEM	473,000
254.0	DENALI NP & PRE	267		SOUTH SIDE DEVELOPMENT JOINT WITH STATE	2,345,000
256.0	NORTH CASCADES	244	PARK GENERAL	RECONSTRUCT STEHEKIN RD	550,000
257.0	GOLDEN GATE NRA	181	CLIFF HOUSE	CONSTRUCT PUBLIC REST ROOMS	320,000

SYS LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

PARK/ORGANIZATION/DEVELOPED AREA/TITLE			LINE ITEM	PKG TOTAL
258.0 BUFFALO NATIONA 109	TYLER BEND	DEVELOP PUBLIC USE AND OPERATIONS FACILITIES		6,788,000
261.0 LAKE MEREDITH R 185	PARK GENERAL	RECONSTRUCT ACCESS ROADS AND PARKING AREAS		4,003,000
262.0 AGATE FOSSIL BE 115	HEADQUARTERS AR	CONST. VIS. CTR/ADMIN. BLDG		3,712,000
263.0 GEO WASH MEM PK 640	PARK GENERAL	REPAIR WASHINGTON MEMO BRIDGE		1,600,000
264.0 EVERGLADES NP 130	PARK GENERAL	REPAIR/REPLACE PARK HOUSING		1,403,000
265.0 YELLOWSTONE NP 651	PARK GENERAL (I	GRANT VILL. HOUSING & REPLACE TEMPORARY HOUSING		2,435,000
266.0 GETTYSBURG NMP 106	PARK GENERAL	REHABILITATION OF PARK ROADS 20 MILES		8,744,000
267.0 GRAND TETON NP 150	PARK GENERAL	REPLACE TRLRS PRAIRIE INCL COLTER BAY (SEAS)		3,002,000
268.0 PICTURED ROCKS 107	AUSABLE POINT	RESTORE AUSABLE LIGHTHOUSE SEAWALL		2,873,000
269.0 LASSEN VOLCANIC 255	MANZANITA LAKE	RELOCATE/CONSTR NPS AND VISITOR FACILITIES		11,991,000
270.0 GATEWAY NRA 170	JAMAICA BAY	REHAB CANARSIE PIER		3,977,000
271.0 KLONDIKE GOLDRU 146		CHILKOOT TRAIL DEV		478,000
272.0 SHENANDOAH NP 300	HEADQUARTERS	FIRE ALARM SYSTEM		108,000
273.0 VIRGIN ISLANDS 107	PARK GENERAL	RECONST NORTH SHORE & LAKESHORE RD- 5 MI		3,230,000
274.0 OLYMPIC NP 343	PARK GENERAL	REHAB LAKE QUINAULT, KESLER & CANOE CRK BRDGS		260,000
275.0 HOT SPRINGS NP 143	PARK GENERAL	REHABILITATE PARK ROADS		1,100,000
276.0 MOUNT RAINIER N 347	PARADISE	REHAB PARADISE SKI DORM		1,152,000
277.0 BLACK CANYON OF 102	SOUTH RIM	REPLACE TEMP.VIS.CTR.,ADD CONCESSION,ADMIN.SPACE		5,856,000
279.0 MOUND CITY GROU 103	PARK GENERAL	CONST.ADEQUATE CURATORIAL FAC.PREVENT DETER.DES.		1,131,000
280.0 CANYON DE CHELL 179	HEADQUARTERS	CONSTRUCT TWO COMFORT STATIONS		516,000
281.0 NCP-CENTRAL 405	PARK GENERAL	REST VISUAL/STRUCT QUAL-MONUMENTAL CORE BLVD		3,437,000
282.0 DELAWARE WATER 104	PARK GENERAL	COMF STA 25 PIC SITES, UTIL SYS & TRAIL IMPV		830,000
283.0 PUUHONUA O HONA 113	PARK GENERAL	CONSTRUCT ADMINISTRATIONBUILDING		1,236,000
284.0 GULF ISLANDS NS 150	FORT PICKENS	REPAIR FORT PICKENS, CUL/SEVIER, LANGDON, NORTH		1,742,000

5YR LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

	PARK/ORGANIZATION/DEVELOPED AREA/TITLE			LINE ITEM	PKG TOTAL
285.0	NATCHEZ TRACE P	300	PARK GENERAL	CONSTRUCT PARKWAY-47 MI	33,700,000
286.0	FOOTHILLS PARKW	109	PARK GENERAL	CONSTRUCT FOOTHILLS PARKWAY & RELATED FACILITIES	31,811,000
287.0	FIRE ISLAND NS	174	WILLIAM FLOYD E	REHAB WF ESTATE, ROADS, & PARKING	101,000
288.0	GRAND PORTAGE N	105	PARK GENERAL	REPL.INADEQUATE MAINT.FACIL.&CONST.VIS.CONT.STA.	2,941,000
289.0	PEA RIDGE NMP	111	PARK GENERAL	CONST GENERAL PARK & MAINTENANCE STORAGE BLDG	170,000
291.0	GOLDEN GATE NRA	218	PARK GENERAL	INSTALL GUARDRAILS AT COMZELMAN RD AND OTHERS	150,000
292.0	YUKON-CHARLEY R	109		BOAT DOCK/STORAGE-EAGLE	170,000
293.0	GEO WASH MEM PK	836	AMB TO ALEX CIT	COMP REPLACEMENT CONDEMNED PKWY MAINT FACILITY	5,100,000
294.0	LAKE MEREDITH R	110	PARK GENERAL	REPLACE SUBSTANDARD COMFORT STATIONS	1,249,000
295.0	OLYMPIC NP	273	LAKE CRESCENT	EXTEND BARNES PT AIRSTRIP TO STORM KING VC AREA	790,000
296.0	BANDELIER NM	199	UPPER FRIJOLES	CONSTRUCT FENCE ON NEWLY ACQUIRED LANDS	329,000
297.0	SCOTTS BLUFF NM	125	PARK GENERAL	ABATE ROCKFALL HAZARD,REPAIR SURFACE,SUMMIT RD.	3,349,000
299.0	PUUKOHOLA HEIAU	154	PARK GENERAL	RELOCATE RESTORE SPENCER PARK RD TO SAVE HEIAU	40,600
300.0	LAKE MEAD NRA	205	PARK GENERAL	STABILIZE SHOULDERS NORTH SHORE RD	335,900
301.0	WRANGELL-ST ELI	117		VIS CTR/HQ COMPLEX	759,000
302.0	EVERGLADES NP	112	PARK GENERAL	RESURFACE MAIN PARK ROAD, 45 MILES	4,270,000
303.0	FRED SPOT NMP	118	FREDERICKSBURG	NATIONAL CEMETERY REHAB WALLS,WALKS,DRIVES,GRDS.	489,000
304.0	GATEWAY NRA	123	SANDY HOOK	DEVELOP FORT HANCOCK-GATEWAY VILLAGE	8,625,000
305.0	YELLOWSTONE NP	639	PARK GENERAL CI	REHABILITATE CONCESSION SITE ROADS & PARKING	967,000
306.0	BUFFALO NATIONA	113	PRUITT	DEVELOP PUBLIC USE AND OPERATIONS FACILITIES	1,813,000
307.0	CAPE HATTERAS N	146	OCRACOKE CENTRA	CONSTRUCT OCRACOKE VISITOR CENTER	1,015,600
308.0	GREAT SMOKY MTN	314	DEEP CREEK	CONST INTERP CENTER,PICNIC AREA,ROADS & UTILS	3,471,000
309.0	HERBERT HOOVER	104	PARK GENERAL	REPLACE DEFECTIVE PROTECTIVE SYS. MIST. BLDGS.	233,000
311.0	FRED SPOT NMP	106	PARK GENERAL	BOUNDARY MANAGEMENT CONTROL SYSTEM 20 MI	462,000

SYS LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

	PARK/ORGANIZATION/DEVELOPED AREA/TITLE			LINE ITEM	PKG TOTAL
312.0	JOHN MUIR NHS	156		CONSTRUCT/RECORL VISITOR CENTER COMPLEX	641,000
313.0	WHITE SANDS NM	128	PARK GENERAL	CONSTRUCT NEW MAINTENANCE/STORAGE BUILDING	1,041,000
315.0	LEHMAN CAVES NM	101	PARK GENERAL	CONSTRUCT APARTMENT BUILDING	1,651,000
316.0	COULEE DAM RA	209	PARK GENERAL	REHAB VISITOR FACILITIES,KELLER FRY/DONG LY EMPGS	2,738,000
317.0	CAPE LOOKOUT NS	110	HEADQUARTERS	REPL TEMP VIS CONT/ADMIN,MAINT;REHAB MARINA;PARKG	5,611,000
318.0	MOUNT RAINIER N	270	PARADISE	REHAB PARADISE INN & CONST. COMFORT STATION	1,298,000
319.0	JAMES A GARFIELD	110	PARK GENERAL	REST.EXT./PROVIDE PROT.SYS.HIST.GARFIELD HOME	1,379,000
322.0	LAKE CLARK NP &	136		OUTPOST RENGER STATION	154,000
323.0	YELLOWSTONE NP	673	PARK GENERAL (I	FINAL SURFACE OLD FAITHFUL,LAKE,W.THUMB BYPASSES	536,000
324.0	EFFIGY MOUNDS N	836	PARK GENERAL	PREVENT EROSION OF ARCHEO(EFFIGY)MOUNDS,DEMO-CI	69,000
325.0	LAKE MEAD NRA	352	CALLVILLE BAY (	ENLARGE SEWER LAGOON	423,000
326.0	CEDAR BREAKS NM	101	POINT SUPREME	REHAB.VISITOR & ADMIN.FACILS-VC,CG,HIST. BLDGS.	2,427,000
327.0	BLUE RIDGE PARK	392	LINVILLE FALLS,	REPAVING & REPAIR 2 BRIDGES LINVILLE FALLS LOOP	10,000
328.0	GATEWAY NRA	131	JAMAICA BAY	REHAB FLUSHING FIELD (GATEWAY VILLAGE)	29,156,000
329.0	CATOCTIN MTN PA	137	PARK GENERAL	REHAB CATOCTIN PARK ROAD SYSTEM	1,525,000
330.0	AMISTAD RA	180	PARK GENERAL	RECONSTRUCT ROADS	522,000
331.0	SHENANDOAH NP	411	BIG MEADOWS	PARKING, UTILITIES,WALKS FOR 20-ROOM LODGE BLDG	1,637,000
332.0	ROCK CREEK PARK	319	PARK GENERAL	RESURFACE/REPAIR HAZARDOUS ROCK CREEK PARKWAY	13,720,000
333.0	WRIGHT BROTHERS	115	PARK GENERAL	CONST AUDITORIUM ADDITION TO VISITOR CENTER	1,211,000
334.0	MOUNT RAINIER N	349	PARK GENERAL	REHAB HWY 123 & LAUGH- INGWATER CRK BRDG	12,402,000
335.0	CUYAHOGA VALLEY	126	OAK HILL	COMPLETE CONSTRUCTION OAK HILL DAY-USE AREA	993,000
336.0	GLACIER BAY N P	170	PARK GENERAL	REPAIR/SURFACE MAIN ROAD	6,441,500
337.0	SLEEPING BEAR D	181	GLEN LAKE	REHABILITATE D H DAY CAMPGROUND	7,192,000
338.0	BOSTON NHP	143	NAVY YARD (CHAR	REHAB ROPE WALK BLDG #5 TAR HOUSE BLDG #6C	2,444,000

SXR LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

	PARK/ORGANIZATION/DEVELOPED AREA/TITLE			LINE ITEM PKG TOTAL
339.0	GREAT SMOKY MTN	129	OCONALUFTEE	CONSTRUCT VISITOR CENTER(NC)	3,558,000
340.0	LAKE MEAD NRA	369	PARK GENERAL	CONSTRUCT PERMANENT COMFORT STATION	368,000
341.0	MOUNT RAINIER N	316	CARBON RIVER EN	IMPROVE UTILITY SYSTEMS & FACILITIES	1,862,000
342.0	HAWAII VOLCANOE	839	PARK GENERAL	CONSTRUCT 1,25,000 GALS WATER TANK	122,000
343.0	LINCOLN HOME NH	172	HISTORIC ZONE	STAB./RESTORE TWO HIST. HOUSES - COOK & DEAN	335,000
344.0	FORT JEFFERSON	103	PARK GENERAL	PARTIAL FORT REHAB	4,895,000
346.0	C & O CANAL NHP	160	PARK GENERAL	STABILIZE 11 CULVERTS/SEVERE DAMAGE	1,606,000
347.0	APOSTLE ISLANDS	188	PARK GENERAL	CONST.PUBLIC USE DOCKS,TRAILS,CMPSTF,& RANGER ISL	719,000
348.0	SPRINGFIELD ARM	106	PARK GENERAL	RESTORE HIST GROUNDS/ARSENAL & COMMANDANT'S HSE	673,000
349.0	CAPE LOOKOUT NS	111	CAPE LOOKOUT	REHAB VIS CONTACT/RANGER/MAINT BLDG;CONST DOCKS	1,331,000
350.0	PETRIFIED FORES	159	PARK GENERAL	NEW EXHIBITS & WAYSIDES WAYSIDES	
352.0	LYNDON B JOHNSO	197	LBJ RANCH AREA	REHABILITATE PARK ROADS	660,000
353.0	CAPE HATTERAS N	140	WHALEBONE JUNCT	RELOCATE/ADAPT USCG STA.AS WHALEBONE CONTACT STA	901,000
354.0	SAINT-GAUDENS N	121	PARK GENERAL	REHAB, ENLARGE EXISTING GALLERY SHED	2,489,000
355.0	KATMAI NAT PRK	163	BROOKS RIVER	CONST ELEVATED BOARDWALK	290,000
356.0	FORT UNION TRAD	125	PARK GENERAL (M	RECONSTRUCT FORT MINISTRATIVE FACILITIES	2,855,000
357.0	GEO WASH MEM PK	466	PARK GENERAL	REHABILITATE MEMORIAL AVE BRIDGE OVER PARKWAY	4,930,000
358.0	HUBBELL TRAD PO	102	PARK GENERAL	REPL TEMPORARY HOUSING WITH PERMANENT QUARTERS	1,242,000
359.0	KUPATKI NM	160	KUPATKI-HEISER	CONSTRUCT SIX-UNIT APARTMENT	742,000
360.0	SAN JUAN ISLAND	191	AMERICAN CAMP	CONST. AMERICAN CAMP INTERP. FACILITY	4,609,000
361.0	MANASSAS NBP	155	PARK GENERAL	PRESERVE HISTORIC RESOURCES-VISITOR USE	2,310,000
362.0	INDIANA DUNES N	288	WEST UNIT	CONSTRUCT WEST UNIT ACCESS ROAD	9,022,000
363.0	DELAWARE WATER	232	PARK GENERAL	REHAB US 209 RIVER ROAD OLD MINE ROAD	22,730,000
364.0	KNIFE R INL VIL	104	PARK GENERAL	REPLACE TEMPORARY VISITOR & MAINTENANCE FACILS.	2,766,000

(THOUSANDS OF DOLLARS IN GROSS)

	PARK/ORGANIZATION/DEVELOPED AREA/TITLE			LINE ITEM	PKG TOTAL
365.0	ROCK CREEK PARK	492	PARK GENERAL	REHAB CARTER BARRON AMPH & PKG	4,193,000
366.0	VANDERBILT MANS	131	PARK GENERAL	REHAB MAIN ENTRANCE RD #4 BRIDGES/FH	581,000
367.0	CANAVERAL NS	105	TURTLE MOUND	CONST VIS CONTACT,MAINT FACIL,PARKING & ROADS	2,703,000
368.0	BOSTON NHP	111	NAVY YARD (CHAR	REHABILITATE MARINE FACILITIES	1,449,000
369.0	ORGAN PIPE CACT	136	PARK GENERAL	ROAD SURFACING AJO MOUNTAIN	164,015
370.0	VALLEY FORGE NH	159	PARK GENERAL	REHAB GULPH,ENTRANCE,RIV,RD,RANGER STA(INNER LIN	850,000
371.0	PERRY'S VICTORY	104	PARK GENERAL	CONST. VIS. CTR., ADMIN.OFFICE & MAINT. FAC.	1,955,000
372.0	COULEE DAM RA	252	PARK GENERAL	REPLACE DAY USE BLDGS SPRING CYN/KETTLE FALLS	1,560,000
373.0	SITKA NATL HIST	157	PARK GENERAL	REHAB OLD SCHOOL	592,000
374.0	BUFFALO NATIONA	111	STEEL CREEK-LOS	REHAB & IMPROVE VISITOR-USE & MGMT FACILITIES	3,094,000
375.0	PRINCE WILLIAM	145	PARK GENERAL	COMPLETE SAFETY REPAIRS TO MAINTENANCE FACILITY	2,048,000
376.0	YELLOWSTONE NP	674	MADISON JUNCTI	UPGRADE WASTEWATER-TREATMENT PLANT	745,000
377.0	ST CROIX NATL S	162	PARK GENERAL	REHAB RIVER ACCESS/CIRCULATION RDS&PARKING AREAS	1,728,000
378.0	GULF ISLANDS NS	164	FORT PICKENS	CONNECT WATER TO MUNICIPAL SYSTEM	2,221,000
379.0	DELAWARE WATER	294	PARK GENERAL	PARKING AREA CHILDS STATPARK(RAYMONDSKILL FALLS	240,000
380.0	FLORISSANT FOSS	103	PARK GENERAL	BUILD VISITOR CENTER AND PARK SUPPORT FACILITIES	4,839,000
381.0	NCP-EAST	264	FORT CIRCLE PAR	CONSTRUCT COMFORT STATION-FT DUPONT	1,158,000
382.0	GRAND PORTAGE N	108	PARK GENERAL	RELOCATE RDS TO ELIMINATE IMPACT ON HIST. RES.	1,608,000
383.0	RICHMOND NBP	147	PARK GENERAL	REHAB TOUR ROADS	1,100,000
384.0	FIRE ISLAND NS	199	PARK GENERAL	REHAB WEST END ROAD, ANNEX PARKING	620,000
385.0	OLYMPIC NP	367	SOL DUC	CONST DAY USE AND PARKING FACILITIES	790,000
387.0	N M ALASKA AREA	107		JOINT ADMIN/PUB USE FAC	1,405,000
388.0	GREAT SMOKY MTN	319	PARK GENERAL	REPLACE 4 BRIDGES SMOKEMONT & RAVENFORD	1,140,000
389.0	THEO ROOSEVELT	109	PARK GENERAL	REHAB MUSEUM	287,000

5YR LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

PARK/ORGANIZATION/DEVELOPED AREA/TITLE				LINE ITEM PKG TOTAL
390.0 AMISTAD RA	125	PECOS RIVER	CONST RANGER STA/RESIDENCE/MAINT FAC/PICNIC AREA	864,000
392.0 APOSTLE ISLANDS	822	MICHIGAN ISLAND	REHAB HIST. MICHIGAN ISL. LIGHT STA. (AFIS-04)	329,000
393.0 GREAT SMOKY MTN	324	PARK GENERAL	REHAB ABRAMS,GREENBIER,BIG CREEK ROADS	1,100,000
394.0 ACADIA NP	130	ISLE AU HAUT	CONSTRUCT RANGER STATION AND QUARTERS	63,000
395.0 CRATER LAKE NP	209	MUNSON VALLEY	CONSTRUCT EMPLOYEE HSNG	2,567,000
396.0 LAKE MEAD NRA	838	PARK GENERAL	RECONSTRUCT ROADS	2,780,000
398.0 AMERICAN MEMORI	107	PARK GENERAL	RECONST DETERIORATED MICRO BEACH FACILITIES	942,000
399.0 CRATER LAKE NP	139	RIM AREA	CONSTRUCT ROAD & PARKINGAREAS - RIM VILLAGE	918,000
400.0 APPOMATTOX CRT	142	PARK GENERAL	RESTORE HISTORIC ROADS IN PARK (3 MILES)	550,000
401.0 BLUE RIDGE PARK	135	SECTION 1C	CONST GRADE SEPARATION (SEC 1CD) (VA)	2,000,000
402.0 YELLOWSTONE NP	674	PARK GENERAL (1	REHAB NORTH ENTRANCE RD.MAMMOTH-GARDINER 5.7 MI	3,556,000
404.0 EDISON NHS	168	PARK GENERAL	ENLARGE, RELOCATE VISITOR USE & MGT WORK SPACES	23,000
405.0 HOPEWELL VILLAG	121	PARK GENERAL	CONST .25 MI HD PARKING AREA 80 CARS, GRDS DEV	550,000
406.0 MANASSAS NBP	145	PARK GENERAL	CONSTRUCT VISITOR ACCESS ROAD	3,850,000
407.0 GREAT SMOKY MTN	326	SUGARLANDS	CONSTRUCT RESOURCE CENTER	3,642,000
408.0 FORT LARNED NHS	161	PARK GENERAL	REST.HIST.OFFICERS QTRS.FOR VIS.USE & SUPPORT	392,000
409.0 DENALI NP & PRE	142	HEADQUARTERS	CONSTRUCT HEADQUARTERS STORAGE BUILDING	1,317,000
410.0 NORTH CASCADES	345	PARK GENERAL	REPAIR SKAGIT AREA ROADS	223,000
411.0 GOLDEN GATE NRA	209		REPAVE PARKING FT. MASON	50,000
412.0 BIG THICKET NAT	119	PARK GENERAL	STABILIZE ROADS	1,365,000
413.0 ROCKY MOUNTAIN	243	PARK GENERAL	DEVELOP BEAR LAKE SHUTTLE SYSTEM	5,151,000
414.0 MINUTE MAN NHP	136	PARK GENERAL	REHAB JACOB WHITTEMORE HOUSE	116,000
415.0 ASSATEAGUE ISLA	132	TOMS COVE	RECONST 2.5 PARK TOUR ROAD	550,000
416.0 ASSATEAGUE ISLA	233	PARK GENERAL	RESURFACE-PARKING AREAS-CHINCOTEGUE	

FY92 LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

	PARK/ORGANIZATION/DEVELOPED AREA/TITLE			LINE ITEM PKG TOTAL
417.0	C & O CANAL NHP 025	PIEDMONT DISTRI	REPAIR DANGEROUS BIG SLACKWATER AALL	13,562,500
418.0	CHICK CHATT NMP 145		CORRECT SLIDE - SHERYAN RESERVATION	983,000
419.0	ISLE ROYALE NP 218	ROCK HARBOR	REPLACE CONCESSION DORM BUILDING	1,467,000
421.0	JOHN DAY FOSSIL 119	SHEEP ROCK UNIT	RECONST ROADS & PARKING	317,000
422.0	LASSEN VOLCANIC 275	MANZANITA LAKE	CONSTRUCT SUPPORT FACILITIES	4,060,000
423.0	SUNSET CRATER N 152	PARK GENERAL	CONSTRUCT MAINTENANCE COMPLEX	1,601,000
425.0	MORRISTOWN NHP 178	JOCKEY HOLLOW	RECONSTRUCT JOCKEY HOLLOW TOUR ROAD/FH	1,524,000
426.0	GEORGE ROGERS C 126	PARK GENERAL	STUDY FLOODWALL, CONTROL RIVER EROSION GLRO-C2	1,152,000
427.0	NCP-CENTRAL 410	PARK GENERAL	REHAB MAINE AVENUE PEDESTRIAN WALKWAYS	232,000
428.0	OPED WILD & SCE 101	PARK GENERAL	CONSTRUCT RIVER ACCESS FACILITIES-7 SITES	1,254,000
430.0	KENAI FJORDS NA 110		TRAIL-HARDING ICEFIELD	71,000
431.0	COULEE DAM RA 120	PARK GENERAL	REHAB CMPGRD RD/PRKNG PORCUPINE BAY&KELLER F.	237,000
432.0	REDWOOD NP 209	PARK GENERAL	RECONST SOUTH AREA OPERATION CENTER ROAD	350,000
433.0	BIG BEND NP 224	RIO GRANDE VILL	EXPAND CAMPGROUND; CONST MAINT FACS & HOUSING	1,611,000
434.0	MOUNT RUSHMORE 142	HEADQUARTERS	RENOVATE OLD STUDIO AND INSTALL EXHIBITS	1,541,000
435.0	SALEM MARITIME 157	PARK GENERAL	RESTORE/DREDGE DERBY WHARF WATERFRONT	158,000
436.0	COLONIAL NHP 317	PARK GENERAL	PAVEMENT REPAIR COLO PKWY	4,080,000
437.0	ROCK CREEK PARK 319	PARK GENERAL	CORRECT ROAD SAFETY AND DRAINAGE/RESURFACE	3,560,000
438.0	CHATTAHOOCHEE R 101	PARK GENERAL	CONSTRUCT TRAILS CMPT STA DAY USE INITIAL FACIL	2,859,000
439.0	LINCOLN BOYHOOD 126	PARK GENERAL	RELOCATE COUNTY ROADS B AND A	759,500
440.0	KLONDIKE GOLDRU 147		CONSTRUCT MAINTENANCE FACILITY	489,000
441.0	WHITMAN MISSION 133	PARK GENERAL	RECONSTRUCT IES PARK ENTRANCE ROAD	410,000
442.0	GOLDEN GATE NRA 213	CLIFF HOUSE	RECONSTRUCT VISITOR PARKING LOT	75,420
443.0	SAN ANTONIO MIS 129	CONCEPCION MISS	UPGRADE-REMOVE UTILITIES	166,000

SYR LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

PARK/ORGANIZATION/DEVELOPED AREA/TITLE				LINE ITEM PKG TOTAL
445.0 FIRE ISLAND NS	200	PARK GENERAL	REHAB PARKING FACILITIES/FERRY TERMINAL	329,000
446.0 FRED SPOT NWP	230	WILDERNESS BATT	RC,REHAB,GORDON,GRANT,HILL,SICKLE AND CHATHAM	5,950,000
448.0 GREAT SMOKY MTN	109	CABLE MILL	RECONSTRUCT & ENLARGE PARKING AREA	505,000
449.0 HERBERT HOOVER	110	PARK GENERAL	STABILIZE & ADAPTIVELY RESTORE 9 HIST. HOUSES	1,177,000
450.0 KLONDIKE GOLDRU	148		WHITE PASS UNIT DEVELLOPMENT	301,000
451.0 MOUNT RAINIER N	371	PARADISE	REHAB GUIDE HOUSE	2,898,000
452.0 LAVA BEDS NM	104	INDIAN WELL	FIRE CREW APARTMENT UTILITIES	427,000
453.0 BIG BEND NP	240	CASTOLON	IMPROVE ROADS IN NEW EMPLOYEE HOUSING/MAINT AREA	438,000
454.0 YELLOWSTONE NP	361	MAMMOTH (XYO)	PRESERVE 58 HISTORIC STRUCTURES FORT YELLOWSTONE	13,760,000
455.0 CAPE COD NS	210	PROVINCETOWN	RECONS RACE PT, HI HEAD, AMISGINS ROADS	1,160,000
456.0 DELAWARE WATER	289	PARK GENERAL	PETERS VALLEY - DINGMANSROAD	1,170,000
457.0 NCP-EAST	529	PISCATAWAY PARK	INITIATE VISITOR USE/DEVELOPMENT-PISCATAWAY	786,000
458.0 CUMBERLAND GAP	139	PARK GENERAL	RELOCATE U.S. 25 - CONSTRUCT TUNNEL	49,560,000
459.0 INDIANA DUNES N	291	WEST UNIT	CONSTRUCT WEST UNIT TRANSIT CENTER	2,412,000
460.0 N W ALASKA AREA	109		MAINT/STORAGE FACILITY	15,000
461.0 CRATERS OF THE	138	PARK GENERAL	RECONSTRUCT LOOP DRIVE AND PARKING AREAS	960,000
462.0 GRAND CANYON NP	173	NORTH RIM	RECONST PT SUBLIME RD	1,730,150
463.0 SUNSET CRATER N	102	PARK GENERAL	CONSTRUCT VISITOR CONTACT STATION	251,000
465.0 CAPE COD NS	213	PARK GENERAL	REPAVE BICYCLE TRAILS/13 MILES	387,000
466.0 COLONIAL NHP	246	YORKTOWN	CONST CONSER-PRESER PAV,POOR POTTERS PLACE	1,719,000
467.0 ROCK CREEK PARK	192	PARK GENERAL	COMPLETE SAFETY REPAIRS TO MAINTENANCE AREA	2,782,400
468.0 CONGAREE SWAMP	101	PARK GENERAL	INITIAL VISITOR FAC FOR NEWLY AUTHORIZED AREA	1,348,000
470.0 KENAI FJORDS NA	111		NUKA BAY RANGER STATION	131,000
471.0 FORT CLATSOP NM	104	PARK GENERAL	VISITOR CENTER EXPANSIONNT	466,000

SYP LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

PARK/ORGANIZATION/DEVELOPED AREA/TITLE				LINE ITEM PKG TOTAL
472.0 CHIRICAHUA NM	103	PARK GENERAL	RECONST RT 1	58,090
473.0 LYNDON B JOHNSO	198	LBJ RANCH AREA	EXTEND WATER SYSTEM TO JUNCTION SCHOOL	295,000
474.0 FORT LARAMIE NH	140	HEADQUARTERS	CONSTRUCT VISITOR AND PARK SUPPORT FACILITIES	5,437,000
475.0 ACADIA NP	282	PARK GENERAL	CONSTRUCT RESTROOMS AND SEWER SYSTEM-WILDWOOD	253,000
477.0 VIRGIN ISLANDS	177	HASSEL ISLAND,	REHAB UNSAFE DOCKS & TRAILS;PROVIDE TOILETS & CG	1,674,000
479.0 DENALI NP & PRE	264	PARK GENERAL	NEW HOTEL COMPLEX	15,792,000
480.0 OLYMPIC NP	353	LAKE CRESCENT	REPLACE LOG CABIN RESORTCABINS	300,000
481.0 GOLDEN GATE NRA	222	PARK GENERAL	PAVE OCEAN BEACH PARKING AREAS	50,670
482.0 BIG THICKET NAT	107	TURKEY CREEK	CONST OPNS/VIS SVCS/HQ BLD W/MAINT AREA,RES,UTLS	4,374,000
483.0 GLACIER NP	119	APGAR	CONSTRUCT VISITOR CENTER FOR WEST SIDE OF PARK	3,050,000
484.0 SAUGUS IRON NOR	151	PARK GENERAL	REHAB ARSON-DAMAGED BLAST FURNACE	624,000
485.0 PRESIDENT'S PAR	136		IMPROVEMENT OF VISITOR ACCESS TO WHITE HOUSE	6,493,000
486.0 CHICK CHATT NMP	142	CHICKAMAUGA BAT	RELOCATION US HWY 27 IN PARK (GA)	45,600,000
487.0 ST CROIX NATL S	105	OLD NEVERS DAM	CONST.PICNIC SITES,CANOE LNDG, & PKG.	122,000
488.0 KATMAI NAT PRK	162		RELOC FACIL-BROOKS CAMP	3,165,000
489.0 MOUNT RAINIER N	272	PARADISE	REHAB PARADISE INN ANNEX	3,575,000
490.0 POINT REYES NS	825	HEADLANDS	IMPROVE TRAFFIC SAFETY LIGHTHOUSE	300,000
491.0 SALINAS NM	173	PARK GENERAL	REHABILITATE ENTRANCE ROADS	968,000
492.0 JOHN D ROCKEFEL	107	PARK GENERAL	CONSTRUCT INFO-ADMIN-MTCE-RESIDENCE COMPLEX	4,333,000
493.0 BOSTON NHP	154	NAVY YARD (CHAR	RECONSTRUCT PARKING BY USS CONSTITUTION/FH	580,000
494.0 C & O CANAL NHP	169	PIEDMONT DISTRI	REHAB FAILING STRUCTURES-HWSPORT/PROTECT VISITOR	3,404,000
495.0 VOYAGEURS NP	217	KABETOGAMA LAKE	CONSTRUCT 4 MILES OF ACCESS RD ASH RIVER VC	3,687,000
496.0 GEO WASH MEM PK	462	GREAT FALLS PAR	PROVIDE SAFE VISITOR ACCESS-GREAT FALLS	1,399,000
497.0 CRATER LAKE NP	235	PARK GENERAL	REHAB WEST & SOUTH ENTRANCE & ONE WAY ROADS	1,037,000

5YR LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

PARK/ORGANIZATION/DEVELOPED AREA/TITLE			LINE ITEM	PKG TOTAL
498.0 LAVA BEDS NM 172	PARK GENERAL	OVERLAY MAIN PARK RD RTE 10 SECTION 4 5		60,880
500.0 GRANT-KOHRS RAN 135	PARK GENERAL	CONSTRUCT VISITOR CENTER-HEADQUARTERS BUILDING		2,524,000
502.0 ROCK CREEK PARK 109	PARK GENERAL	INSTALL EROSION CONTROL DEVISES AT OUTFALLS		2,305,000
505.0 OLYMPIC NP 311	LAKE CRESCENT	REHAB EAST BEACH ROAD & PICNIC AREA		5,147,000
506.0 LASSEN VOLCANIC 400	MANZANITA LAKE	REPAVE MANZANITA LAKE CAMPGROUND ROADS		457,373
507.0 PEA RIDGE NMP 125	PARK GENERAL	CONST CRFT STA & PRKNG AREA AT ELKHORN TAVERN		553,000
508.0 CAPITOL REEF NP 112	HEADQUARTERS	RECONSTRUCT GOOSENECK OVERLOOK ROAD, 1.2 MILES		349,000
509.0 VANDERBILT MANS 105	PARK GENERAL	RESTORE FORMAL GARDENS/VANDERBILT		202,000
510.0 NCP-CENTRAL 407	PARK GENERAL	STABILIZE SEAWALLS EAST & WEST POTOMAC PARK		42,092,000
511.0 OZARK NSR 244	DEVILS WELL	REHAB RD TO PROVIDE IMPROVED VISITOR ACCESS		235,000
512.0 WRANGELL-ST ELI 113		PARK HOUSING-PH I		2,513,000
514.0 ORGAN PIPE CACT 149	HEADQUARTERS	PAVE 7.11 MILES OF ROAD AND PARKING		69,605
515.0 SAN ANTONIO MIS 148	CONCEPCION MISS	REHABILITATE LANDSCAPE		363,000
516.0 THEODORE ROOSEV 113	NORTH UNIT	CONSTRUCT VISITOR CENTER AND DISTRICT OFFICES		2,553,000
517.0 CAPE COD NS 104	PROVINCETOWN	CONSTRUCT INTERPRETIVE WALKWAY		443,000
518.0 HARPERS FERRY N 115	PARK GENERAL	REHAB BLDGS 37,38,40&43-SECURITY & PROTECTION		4,300,600
519.0 ISLE ROYALE NP 117	MOTT ISLAND	CONST 4 DUPLEXES TO REPL OBSOLETE TRAILERS/DORMS		1,055,000
520.0 SITKA NATL HIST 155	PARK GENERAL	CONSTR TOTEM STORAGE & PRESERVATION FACIL.		20,000
521.0 CRATER LAKE NP 253	PARK GENERAL	PINNACLES ROAD RESUR- FACING		135,000
522.0 SALINAS NM 173	PARK GENERAL	REHABILITATE ENTRANCE ROADS		675,000
523.0 CUSTER BATTLEFI 139	HEADQUARTERS	REPLACE OUTMODED VISITOR CENTER		6,060,000
524.0 MINUTE MAN NHP 143	PARK GENERAL	REHAB DANIEL TAYLOR HOUSE		287,000
525.0 C & O CANAL NHP 077	PALISADES DISTR	RESURFACE UNSAFE ENTRNCE RD-GREAT FALLS/HIGH UST		567,000
526.0 CUYAHOGA VALLEY 202	JAITE	RECONSTRUCT HIGHLAND AND VAUGHN ROADS		1,110,000

(THOUSANDS OF DOLLARS IN GROSS)

	PARK/ORGANIZATION/DEVELOPED AREA/TITLE				LINE ITEM PKG TOTAL
527.0	DENALI NP & PRE	223	TOKLAT CAMPGROU	REPLACE TRAILER QUARTERSAND UTILITIES-TOKLAT RC	2,260,000
528.0	FORT VANCOUVER	112	PARK GENERAL	PHASE 1C (FUR STORE) FORT RECONSTRUCTION	1,253,000
529.0	FORT DAVIS NHS	147	PARK GENERAL	RELOCATE VISITOR CENTER/ADMINISTRATIVE OFFICES	501,000
530.0	YELLOWSTONE NP	779	PARK GENERAL CI	REBUILD VIRGINIA CASCADE WALL AND ROAD	500,000
532.0	C & O CANAL NHP	036	PIEDMONT DISTRI	RESTORE MONOCACY RIVER AQUEDUCT	13,100,000
533.0	ISLE ROYALE NP	175	EDISEN FISHERY	PRESERVE/RESTORE HIST.EDISEN FISHERY COMPLEX,C12	131,000
534.0	N W ALASKA AREA	109		EMPL HOUSING-KOTZ PH II	1,176,000
535.0	COULEE DAM RA	206	PARK GENERAL	HUNTERS & GIFFORD CAMPGROUND ROAD REHAB	1,399,000
536.0	FORT SMITH NHS	102	PARK GENERAL	PRESERVE AND RESTORE HISTORIC COURTHOUSE/JAIL	2,402,000
537.0	MESA VERDE NP	119	CHAPIN MESA	BUILD COMFORT STA.,ALL UTILS,BALCONY HOUSE AREA	257,000
540.0	ICE AGE NSR	117	DEVILS LAKE	CONSTRUCT VISITOR CENTER & EXHIBITS	868,000
541.0	DENALI NP & PRE	137	HEADQUARTERS	CONSTRUCT COMFORT STATONIN KENNEL AREA	79,000
542.0	EDEY'S LANDING	101	PARK GENERAL	CONSTRUCT WAYSIDE INTERPATION	1,298,000
543.0	BANDELIER NM	109	BACKGATE	REHABILITATE/IMPROVE PONDEROSA CAMPGROUND	1,201,000
544.0	DEVILS TOWER NM	131	PARK GENERAL	VISITOR-ADMIN. FACILITY ADD. SUPPORT FACILS.	4,550,000
545.0	MARTIN VAN BURE	107	PARK GENERAL	CONSTRUCT VISITOR FACILITY-MAINT. STRUCTURE	828,000
546.0	NCP-EAST	450	ANACOSTIA PARK	STABILIZE DANGEROUS SEAWALLS/RAILINGS	8,364,000
547.0	LINCOLN HOME NH	184	HISTORIC ZONE	STAB/REST.HIST.DUBOIS,MILLER,SPRIGG&ARNOLD HSES	612,000
548.0	DENALI NP & PRE	222	WONDER LAKE	CONST WEST SIDE STRS - WONDER LK OR KANTISHNA	1,063,000
549.0	NORTH CASCADES	243	PARK GENERAL	RECONSTRUCT CASCADES PASS RD	943,000
550.0	AMISTAD RA	117	DIABLO EAST	CONSTRUCT RANGER/VISITOR CONTACT STATION	880,000
551.0	YELLOWSTONE NP	479	PARK GENERAL CI	REBUILD SYLVAN PASS-E.ENTR.RD.& BR.(POR)	6,625,000
552.0	CAPE COD NS	110	PARK GENERAL	CONSTRUCT C. 30 MILE BIKE PATH	8,281,000
553.0	GEO WASH MEM PK	105	PARK GENERAL	RESTORE HISTORIC MOUNT VERNON INN	277,000

FYP LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

	PARK/ORGANIZATION/DEVELOPED AREA/TITLE			LINE ITEM PKG TOTAL
554.0	INDIANA DUNES N	289	EAST UNIT	CONSTRUCT EAST UNIT TRANSIT CENTER	3,899,000
555.0	DENALI NP & PRE	158	PARK GENERAL	CONST NEW INTERP TRAILS HQ AREA	125,000
556.0	NORTH CASCADES	339	STEHEKIN LANDIN	REHAB NORTH CASCADES LODGE	342,000
557.0	BIG BEND NP	226	CASTOLON	CONSTRUCT MAINTENANCE/STORAGE FACILITIES	634,000
558.0	GLACIER NP	329	MANY GLACIER	PE BY FHWA 12-MILE ENTRANCE ROAD	1,944,000
559.0	GATEWAY NRA	121	JAMAICA BAY	DEVELOP NORTH SHORE	5,265,000
560.0	WOLF TRAP FARM	144	PARK GENERAL	IMPROVE MGMT/OPER-CONSTR CONSOLIDATED FACILITY	878,000
562.0	GLACIER BAY N P	181	BARTLETT COVE	WEST ARM PATROL BOAT	228,000
563.0	FORT VANCOUVER	142	PARK GENERAL	VISITOR CENTER EXPANSION	92,000
564.0	SAN ANTONIO MIS	138	ESPADA MISSION	REHABILITATE COMPOUND; PROVIDE WALKS	511,000
565.0	HOVENWEEP NM	134	PARK GENERAL CC	BUILD VISITOR-CONTACT STATION	3,040,000
567.0	NCP-CENTRAL	627	THE MALL	REHABILITATE MALL STABLE	1,965,000
569.0	SITKA NATL HIST	161		REHAB PRIEST QUARTERS	172,000
570.0	OLYMPIC NP	104	BARNES POINT	REPLACE VISITOR CENTER AND FACILITIES	607,000
571.0	NAVAJO NM	141	PARK GENERAL	CONSTRUCT PEDESTRIAN TRAIL TUNNEL	780,000
572.0	YUCCA HOUSE NM	107	PARK GENERAL	BUILD VISITOR-CONTACT STATION	322,000
574.0	GEO WASH MEM PK	877	PARK GENERAL	UPGRADE VISITOR SERVICES AT ACTIVITY SITES	1,900,000
575.0	AGATE FOSSIL BE	114	PARK GENERAL	CONST. FOSSIL BEDS TRAIL INTERPRETIVE SHELTER	748,000
576.0	YUKON-CHARLEY R	107		PARK HOUSING-CIRCLE AK	411,000
577.0	MOUNT RAINIER N	350	OHANAPECOSH	CONSTRUCT SEASONAL QTRS AND STORAGE, OHANA	916,000
578.0	PADRE ISLAND NS	169	MALAGUITE BEACH	CONVERT VICHTOWER TO RANGER OFFICE	141,000
579.0	YELLOWSTONE NP	382	PARK GENERAL CI	RECON.PORTION GRAND LOOP(NORRIS-MADISON) 14 MI.	4,463,000
581.0	NCP-CENTRAL	403	PARK GENERAL	ENLARGE WASH MONUMENT WINDOWS/ACCESS	613,000
582.0	PERRY'S VICTORY	114	PARK GENERAL	CONST.LANDSCAPED VISITOR APPROACH MALL TO MEM.	171,000

FY8 LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

	PARK/ORGANIZATION/DEVELOPED AREA/TITLE				LINE ITEM PKG TOTAL
583.0	DENALI NP & PRE	145	TOKLAT CAMPGROU	CONSTRUCT SHOP & STORAGE BUILDING	74,000
584.0	NORTH CASCADES	314	STEHEKIN DISTRI	REPLACE STEHEKIN LANDINGBULKHEAD	399,000
585.0	FORT SMITH NHS	104	PARK GENERAL	PRESERVE AND RESTORE HISTORIC ARMY COMMISSARY	306,000
586.0	ARCHES NP	145	PARK GENERAL	FINISH CONSTRUCTION 23 MILES INTERIOR PARK ROADS	2,370,000
587.0	GATEWAY NRA	125	JAMAICA BAY	DEVELOP NORTH AREA, FLOYD BENNETT FIELD	394,000
589.0	FORT LARNED NHS	175	PARK GENERAL	REHAB PONC/WEST AREA/REALIGN RD/RELOCATE PKG	144,000
590.0	DENALI NP & PRE	268		REPL EIELSON VIS CTR	1,185,000
591.0	BANDELIER NM	210	PARK GENERAL	REHABILITATE TRAILS	2,062,000
592.0	YELLOWSTONE NP	637	GRANT VILLAGE (	EXPAND UTILITY & ROAD FACILITIES FOR CONCESSION	2,387,000
593.0	ADAMS NHS	108	PARK GENERAL	REHAB PEALE & CARRIAGE HOUSES	177,000
594.0	PRESIDENT'S PAR	103		CONSTRUCT WHITE HOUSE SUPPORT FACILITY	13,190,000
597.0	AZTEC RUINS NM	108	PARK GENERAL	EXPAND VISITOR PARKING AREA	111,000
599.0	CAPE COD NS	108	WELLFLEET	DEVELOPMENT ATWOOD HIGGINS COMPLEX	219,000
600.0	ISLE ROYALE NP	205	HOUGHTON HEADQU	REHAB, HEADQUARTERS & UPGRADE ELEC. SYSTEM	328,000
601.0	KATMAI NAT PRK	143	PARK GENERAL	CONSTRUCT LAKE CAMP DAY USE FACILITY	181,000
603.0	ROCKY MOUNTAIN	113	PARK GENERAL	REHAB 2.9 MI BEAVER MEADOWS - DEER RIDGE RT 36	1,390,000
604.0	SAGAMORE HILL N	107	PARK GENERAL	DESIGN/INSTALL EXHIBITS OLD ORCHARD MUSEUM	482,000
605.0	OZARK NSR	345	PARK GENERAL	UPGRADE [illegible]S FOR CONCESSIONER RIVER ACCESS	1,800,000
606.0	LAKE CLARK NP &	107		VISITOR CTR COMPLEX	281,000
607.0	CHACO CULTURE N	133	PARK GENERAL	RECONSTRUCT ROADS; REPLACE BRIDGE	840,000
608.0	YELLOWSTONE NP	746	PARK GENERAL (I	REPLACE 38 PARK BRIDGES	655,000
609.0	MARTIN VAN BURE	110	PARK GENERAL	RESTORE GROUNDS	121,000
610.0	APOSTLE ISLANDS	824	RASPBERRY ISLAN	RESTORE/REFURNISH LIGHT STATION (APIS-09)	299,000
611.0	PERINC LAND BRI	901		REPLACE HOUSE WITH SEASONAL DORMITORY	594,000

SYR LINE ITEM CONSTRUCTION PROGRAM BY SERVICEWIDE PRIORITY

(THOUSANDS OF DOLLARS IN GROSS)

PARK/ORGANIZATION/DEVELOPED AREA/TITLE			LINE ITEM	PKG TOTAL
612.0 GUADALUPE MOUNT	110	PARK GENERAL	CONSTRUCT TRAIL SYSTEM, PHASE IV	690,000
613.0 BOSTON NHP	110	NAVY YARD (CHAR	PRESERVE AND MAKE SAFE DRY DOCK #1	332,000
614.0 SCOTTS BLUFF NM	101	HEADQUARTERS	REHAB VCE&EXHIBITS, PROVIDE AUDIOVISUAL ROOM	483,000
615.0 BADLANDS NP	164	SOUTH UNIT (GEN	CONSTRUCT & DEVLLOP 2-MI.RD.STRONGHOLD TABLE	628,000
616.0 ADAMS NHS	112	PARK GENERAL	BUILD UNDERGROUND LIBRARY	166,000
617.0 JEFFERSON N E M	201	PARK GENERAL	RESTORE HISTORIC GROUNDS, OLD COURTHOUSE	1,151,000
618.0 CANYONLANDS NP	183	PARK GENERAL	FINISH CONSTR. 18.94 MI.DUGOUT RANCH-SG. FLAT RD	1,986,000
619.0 ST CROIX ISLAND	102	PARK GENERAL	CONSTRUCT MAINLAND DOCK & PARKING, ISLAND TRAIL	264,000
620.0 OZARK NSR	317	PULLTITE	REPL.CMPGRND CONC.FAC.; CONST. SEW TREAT.	2,777,000
621.0 GREAT SAND DUNE	126	PARK GENERAL	WIDEN & REHABILITATE 10.4 MILES OF PAVED ROAD	426,000
623.0 INDIANA DUNES N	202	PARK GENERAL	CONST.SS RR STOPS TO CONNECT EBW TRANSIT CENTER	428,000
624.0 FORT UNION TRAD	145	PARK GENERAL (M	PAVE MAINTENANCE/RESIDENTIAL AREA ROAD	130,000
625.0 GATEWAY NRA	115	STATEN ISLAND	DEVELOP MILLER FIELD	4,525,000
626.0 VOYAGEURS NP	157	BLACK BAY	CONST.DIST.MAINT.FACILS.TO SERVE VIS. CENTER	1,947,000
627.0 COLORADO NM	110	GRAND JUNCT. EN	RECONSTRUCT & STRIPE 4.7 MILES EAST ENTRANCE RD.	1,381,190
629.0 WILLIAM HOWARD	105	PARK GENERAL	CONST.ADMIN/MAINT/VIS. BLDG. &REHAB HIST.GROUNDS	1,370,000
630.0 THEODORE ROOSEV	164	PARK GENERAL	RECONSTRUCT & RESURFACE 19 MILES PARK ROADS	3,794,000
631.0 ACADIA NP	113	PARK GENERAL	REHABILITATE GILLEY HOUSE/BAKER ISLAND	167,000
632.0 JEFFERSON N E M	220	PARK GENERAL	CONST.MAINT.BLDG.TO REPLACE TEMPORARY FACIL.	1,183,000
634.0 BOSTON NHP	144	NAVY YARD (CHAP	REHAB CHAIN FORGE(BLDG #105)	1,726,000
636.0 MOUNT RUSHMORE	157	PARK GENERAL	RECONSTRUCT MAIN ENTRANCE ROAD AND PARKING	1,954,000
637.0 HERBERT HOOVER	107	PARK GENERAL	CONST. GARAGE & EQUIP. STORAGE BLDG.	400,000
			GRAND TOTAL	1,544,497,481

MAINTENANCE BACKLOG

Senator MCCLURE. Are those on a priority list?

Mr. MOTT. Yes.

Mr. GALVIN. Yes; they are.

Senator MCCLURE. Do you have a priority list on backlog of maintenance?

Mr. GALVIN. Yes; in fact, the servicewide priority list both needed new development, needed major capital reinvestment, and needed road reconstruction and construction. They are all prioritized according to need.

Senator MCCLURE. Thank you very much. I will look at that with a great deal of interest and a great deal of care.

FIRE IN YELLOWSTONE NATIONAL PARK

I do want to shift for a moment to a thing that made a great deal of news this last year, and in spite of the fact that it made news, it is also an important issue. And that is the fire in Yellowstone.

An additional $2.8 million has been requested for the second year of the Yellowstone fire recovery plan. Funding for the first year of the plan would be through a reprogramming which proposes $3 million for fire-related interpretation and resource management projects.

Aside from the question of the fact that you have to take away from somebody else or some other projects in order to do this, I want to go into that breakdown for just a minute.

Of the $2.8 million, $1.6 million is requested, on page 61 of your justification, in maintenance to rehabilitate 400 miles of back country trails, clear roadside drainage ditches, and continue snag removal. An additional $1.2 million is requested for fiscal year 1990 in resource management for aerial photography, database analysis, and research.

The reprogramming proposes to shift $3 million from the regional repair and rehabilitation programs of the National Park Service on a prorata basis to finance the recovery program. Of the $3 million, $1.8 million is proposed for exhibits in Yellowstone, Glacier, and Grand Teton National Parks. The remaining $1.2 million is proposed for park monitoring and research in the three parks.

Because of the summer tourist season, I will do my best to move that program very rapidly. If the reprogramming is approved by April 15, will interpretation exhibits be completed for the summer season?

Mr. MOTT. My understanding is that we are working on those exhibits, and Dave Wright is here and can give you an up-to-date statement as to exactly where he is in connection with that work.

Mr. WRIGHT. We anticipate having exhibits at the park itself, the museums. A film will be done. The wayside exhibits will be done for Yellowstone.

Mr. GALVIN. Senator McClure, I might elaborate on that. The way we have been able to proceed with the design of these is we have tied up a very significant portion of our existing exhibit rehab fund. We would use this reprogramming then to redistribute it to the balance of the National Park Service.

But a very sizable percentage of our exhibit rehab program is now tied up in the things that Mr. Wright mentioned.

VISITATION AT YELLOWSTONE NATIONAL PARK

Senator McCLURE. I understand the dilemma you have. I also know the importance of what we are doing in response to both the public concern and public interest as well as the resource values, which are so very important there. It is a unique opportunity for us to really analyze the ecological impact and evolution of fire and fire recovery.

In 1987 there were 2.5 million visitors in Yellowstone. Due to the fires, the number dropped to 2.1 million in 1988. Yet the visitation for the month of October 1988 was the largest in park history.

Can you give us an update on the visitation since October?

Mr. MOTT. Our visitation has been normal for the winter months. Our advanced registration is down. But this fluctuates every year. Some years it's way up, some years it's down.

We anticipate that we will have a normal preregistration as we go into the summer season. And we are anticipating an increase in visitation this year.

Senator McCLURE. Well, we looked at October and thought that the intense interest was going to continue throughout this next year, and yet we do look at the advance registration and it looks like it's going to be down. There are a great number of people in the area who are very, very much concerned because, as you know, there is a history of very high levels of visitation at Yellowstone. There is a very large capital investment in taking care of people as they visit. And if visitation is down this year, there is a very real economic impact.

Mr. MOTT. I think we will have a better understanding of exactly what these figures mean a little later on. The States are putting in a great deal of effort now in promoting coming to Yellowstone.

I think people are beginning to realize that Yellowstone has not been destroyed and that they can come there and have a very interesting and worthwhile experience, and probably a once-in-a-lifetime opportunity to see the regeneration of an area that has not been possible in the past several years.

So, we are anticipating that we are going to see a buildup of this attendance and these preregistrations, and I think we will have a better handle on whether it's down or not in another month or so.

Senator DOMENICI. Senator McClure, I wonder if you would yield for 30 seconds?

Senator McCLURE. Sure.

ISSUES IN NEW MEXICO

Senator DOMENICI. Mr. Chairman, I have been asked by Senator Johnson and Senator Hatfield to go to the Energy Subcommittee and preside for about 40 minutes. I just wanted my southwest parks director, Mr. John Cook, who is here, to know that I am genuinely interested in the issues in New Mexico.

I have submitted about five or six questions to Mr. Mott regarding some issues that I think are very important to New Mexico.

I would greatly appreciate your expeditious answers to the questions.

Mr. MOTT. Yes, sir.

Senator DOMENICI. Three of the questions, I think, are rather urgent, including what we are doing about filling the superintendent's position in Carlsbad, and why we are not paying some bills there. The others we need answers for in due course.

Thank you very much, Mr. Chairman.

Mr. MOTT. We should be able to fill that superintendent's job very shortly now.

Senator DOMENICI. I appreciate that.

Thank you, Mr. Chairman.

Chairman BYRD. Senator Domenici, your questions will be submitted, and Mr. Mott will see that the responses are given promptly.

Mr. MOTT. Right.

Chairman BYRD. Senator McClure.

PROMOTION OF VISITATION TO YELLOWSTONE NATIONAL PARK

Senator MCCLURE. There has been a lot of discussion over the last year about the impacts of the fires. During the period of time when they were such hot news as well as hot fires, there were statements made by Park Service personnel—I think by you, Mr. Director, if I recall correctly—with respect to the concern over visitation and the fact that the Park Service would promote visitation.

What concrete steps have you taken to promote visitation to Yellowstone this year to make sure that there isn't a fall-off?

Mr. MOTT. Several things we are doing: One is that we are encouraging all of our organizations and those that we are associated with to hold their conferences in Yellowstone instead of some other location.

We are sending some of our people to Europe to promote Yellowstone National Park at their major tourist conventions.

We are also developing within the general regional meetings with regards to how to advance and increase visitation to Yellowstone National Park.

So, I think we have a number of things going that are helping in this whole visitation program, and we are spending on our recovery plan $160,000 to improve the whole situation there and to make it possible to do a better job of interpretation when the public comes there.

Mr. GALVIN. That $160,000 is specifically for promoting tourism, and our tourism specialists have been working with the National Tour Association in setting up conferences around the country and several in Europe to let everybody know that Yellowstone is still there and, in fact, is a superlative place to visit.

Senator MCCLURE. Well, as you know, Mr. Director, I went out last fall after the fires were out, looked all over the park from one end to the other, and your personnel were very helpful in making it possible for me to do that.

I would tell people that I think that Yellowstone will be as great as ever, somewhat altered in some points, the opportunities for visitation will never have been better than they will be this year. I

expect this year and next year, with the moisture that we are getting there right now, it should be banner years in some respects and a very unique opportunity for people to see something which they perhaps will not see in as good a circumstance as they have at any other time.

One question that I have with respect to your fire suppression, presuppression activities. I notice you make a statement about the studies toward a presuppression activity. What is it you have in mind?

FIRE MANAGEMENT POLICY

Mr. MOTT. The program right now is that every fire that starts in all of the system we put out right away, whether it is manmade or natural; until we can complete our fire management plans. We are now reviewing the comments from the 11 public hearings that we had relative to the recommendations of that special committee that was appointed by the Secretaries of Agriculture and Interior. When we get all that information together, we will have the basis for not only our fire suppression programs and our training for that program, but we will also have the policy for the National Park Service as well as the National Forest Service on how to handle fires in the future and what our program will be.

This money that we are talking about is for training and for developing our planning program in connection with our fire suppression work.

Senator MCCLURE. Are you moving toward any kind of prescribed burns?

Mr. MOTT. Yes; we are supportive of that whole program. As you probably know, the climate in Yellowstone is such normally that we have rainy weather during the summer months, and doing prescribed burning in Yellowstone is a very difficult process. We have never been able to burn more than 60,000 acres in any 1 year, and in some years we can't do any prescribed burning at all because of the moisture content.

So, we will be doing prescribed burning in all of our park areas, but it will depend entirely on climatic conditions as to how much we can do and how much we can take care of.

Senator MCCLURE. Well, I think one thing is true. I believe you would agree. I would give you the opportunity not to if indeed you do not. When you have a body of land with timber on it and the timber is not harvested, the natural succession calls for the death of some of that timber.

When you get an even-age stand like Lodge Pole pine, nature's method of dealing with that is that it gets old, it gets infested with disease and bugs, and it dies. And as it dies, it falls to the forest floor. If no fire takes it out, it will still be there or portions of it will still be there in the next cycle. There will be an accumulation over time of a very large volume of combustible materials.

That was the condition that we had in Yellowstone National Park and in the adjacent national forest lands last year. Then with that high volume of very combustible materials and abnormally dry summer, we had the making of what is a classic, in nature's

way, of clearing that debris from the forest—material, I suppose I should say, rather than debris. To some people it is not debris.

Unless you have some means by which you reduce the volumes of highly combustible materials, you do create the conditions in which this kind of a fire becomes predictable.

Mr. MOTT. That's right.

Senator MCCLURE. Predictable in the sense that it's going to occur, the only unpredictability is when.

Mr. MOTT. I was reading the 1931 report by Horace Albright, who was the second Director of the National Park Service. It was interesting that in the year 1930 it was a drought year, and 1931 followed, and there were a number of fires in Yellowstone. In 1931 the largest, of 24,000 acres, burned because of the drought conditions.

This process takes place over and over again because of the accumulation of dry material. We are going to try to do more prescribed burning when the weather conditions are right to do that, because that is about the only way to clear out this dry and dead material.

There is an opportunity maybe to do some with mechanical equipment, but not very much. That would be mostly confined around the major development areas.

Senator MCCLURE. Where you have buildings and so forth?

Mr. MOTT. Picnic areas and——

Senator MCCLURE. Development, yes.

SNAG REMOVAL

Mr. MOTT. Maintenance areas and things of that sort.

Senator MCCLURE. You said something in connection with the fire recovery plan dealing with snag removal.

Mr. MOTT. We will be doing that this summer and the following year. Basically, we are removing the snags all along the major roads, and we are taking the snags out from all of the trail systems in Yellowstone because we don't want them to fall across the trail or to injure somebody. The Lodge Pole pines have a very shallow root system and they tip over very easily. We are making it priority No. 1, taking them from the roadside and then priority No. 2, along all of the trails.

Senator MCCLURE. Now, some of the trails are in wilderness areas.

Mr. MOTT. That's right.

Senator MCCLURE. Will you be doing snag removal in the wilderness areas?

Mr. MOTT. We will be removing the snags insofar as the trail is concerned, but we won't be removing them from the site. We are just cutting them down so that they won't be a hazard to the trail.

Senator MCCLURE. Let me ask you that iniquitous question. You will be sawing them down with handsaws, I assume, and not chainsaws?

Mr. MOTT. I don't know whether people today can use handsaws.

Senator MCCLURE. Well, we will find out. [Laughter.]

The reason I ask that is because this has common application to other land management agencies in which mechanical devices can be used but only with a specific waiver for that use.

Mr. MOTT. Right.

Senator MCCLURE. And while I realize the chainsaw is a noisy bugger, it sure cuts a lot faster than a handsaw.

Mr. MOTT. We think that with the Student Conservation Association and the people who they are going to bring in, those young people who are going to be a part of that whole rehabilitation program will be using handsaws to do a lot of the work, and picks and shovels and things of that sort. It will not be done with mechanical equipment.

Senator MCCLURE. We get young people out there running saws and axes, you better have your insurance premiums paid. [Laughter.]

That is also a fact of life, isn't it?

Mr. MOTT. Right.

CRATERS OF THE MOON NATIONAL MONUMENT

Senator MCCLURE. One final question, and I will reserve the balance of my questions until a little later.

We touched on a couple of issue areas, but the one we did not in Idaho, and that's Craters of the Moon National Monument. You have been asked to do an evaluation of the potential for the designation of an enlarged area as a national park.

I have read that reconnaissance report, and there are two or three things in it that I think were absolutely predictable. One is that it fits the criteria of a national monument more accurately than it fits the criteria of a national park.

Mr. MOTT. That's correct.

Senator MCCLURE. However, there is, as you know, a great deal of local interest in the creation of a national park encompassing some of those features that are outside the monument as well as those inside.

The survey indicated the desirability of the creation of a detailed development management plan for a larger unit than that within the boundaries of the national monument, but it also said that you didn't have the money to do that.

Some informal inquiries indicated that that cost $150,000 to $200,000 to develop that plan. Am I correct?

Mr. MOTT. That's correct.

Senator MCCLURE. If we were to provide you that money, would you be able—how soon would you be able to develop such a plan?

Mr. MOTT. Normally, a plan of that kind, if the $150,000 was made available to us, would take in the neighborhood of about 1 year.

Senator MCCLURE. I am going to support that effort. I am going to try to get you the money to make that detailed plan because I think the people in the area need to get both an idea of what the assets are, how they would be utilized, what the development plan would be, and how that would impact on other values that are also important to the people of Idaho.

Mr. MOTT. I think it's very important to proceed with that kind of a planning process. Then we are logically unfolding the scheme of how it should be managed and developed and programmed and what it's going to cost, and everybody will be familiar with the information. That is the proper approach to carrying out a project of this kind.

Senator MCCLURE. Well, I support that approach. I do not want to force upon you a designation that—I don't even want to attempt to force upon you—a designation that you do not want, recognizing that there are a lot of places around the United States that would like to have a national park in their areas, for the very obvious reasons of economic enhancement that may accompany that.

I will look forward to working with you and your people in the development of that plan and then determine where we go after that point.

Mr. Chairman, I yield back my time at this time and then will ask some questions a little later.

Chairman BYRD. You did not have any to yield back. You took it all. [Laughter.]

You may have some more.

Senator MCCLURE. Thank you.

HINTON RAILROAD STATION

Chairman BYRD. Mr. Mott, I want to get back to the New River Gorge. Now that the Hinton railroad station is included within the park's boundary, what are your plans for the interpretation and use of that facility?

Mr. MOTT. If Mr. Coleman may respond.

Mr. COLEMAN. We need to do a planning effort, a DCP or something like that, for its use. We have talked with the people who own the railroad. We don't own it yet, but they still have some interest in using a part of the station, but not all of it. The railroad station itself has an interesting history, and we would like to be able to get some visitors to go in to see it. There are some parking problems that we would have to deal with.

Chairman BYRD. How much would that planning effort cost?

Mr. COLEMAN. To do a DCP there, I'm not sure.

Mr. MOTT. Could you answer that question, Mr. Reynolds?

Mr. REYNOLDS. I would guess about $150,000, 1½ years of time.

Chairman BYRD. Who was this who responded?

Mr. REYNOLDS. My name is John Reynolds. I manage the Denver Service Center.

Chairman BYRD. For the record; $150,000?

Mr. COLEMAN. That might be a little high. It's just a single area. It's not a total DCP, but somewhere in that range.

Mr. MOTT. Mr. Chairman, I think on these things, what we need to get back into is the program of developing these plans so that we can then give you accurate information and proceed. I think that is terribly important. The money that is made available for this kind of work is a good investment, both in the planning process and in the development of those facilities. This area that you are speaking about is an area that has a great deal of potential, but it has got to be planned correctly and it has got to be programmed correctly in

order to make it successful. But it can be a very successful operation.

Chairman BYRD. The development of the park and local economic development should proceed hand in hand.

What accommodation has the Park Service been able to reach with citizens in the Hinton area regarding the location of a motel in the I-64 area to serve travelers and park visitors?

Mr. COLEMAN. Well, Mr. Chairman, some of the local citizens have talked about a motel next to the interstate highway. As you know, at your direction we have initiated contacts with county and local officials to do an economic study of the gateway areas to the park. We really would like to—we think a motel site there right now at this time might be a little premature. It may affect developments that we would want to put in Hinton as a major entrance site to the southern portion of the park.

I think that the development of that site should coincide with how and what kind of developments are made in Hinton. The theory that people would come along the interstate and get off and go down the parkway and into Hinton, you know, is a viable theory and the idea that Hinton would have attractions such as the railroad station and other things to bring people down there.

We are afraid that maybe a motel right along the interstate would cause people to get back on the interstate and leave and not get into Hinton. But we haven't ruled that possibility out.

Chairman BYRD. What other assistance is the National Park Service providing to encourage appropriate economic development in the Hinton area?

Mr. COLEMAN. Well, we have had a team of some of our planners down there talking with the people at Hinton as part of the overall economic development program. We have been at Hinton for some time, offering some technical assistance there.

NEW RIVER GORGE NATIONAL RIVER HEADQUARTERS

Chairman BYRD. Well, I would urge that every consideration be given to the economic benefits, as we go along, that such businesses could have for the communities near the southern end of the park.

I understand that construction of the New River Gorge Park headquarters is nearly complete.

Mr. MOTT. Yes, sir.

Chairman BYRD. This is the National Park Service's first major construction project at New River associated with the park, and it will be an important facility in the park's future development and operation.

The building was constructed to meet the administrative needs of the 52-mile-long New River Gorge National River, was it not?

Mr. MOTT. Yes, sir.

Chairman BYRD. Subsequently, Public Law 100-534, the West Virginia National Interest River Conservation Act, became law. Do you plan to administer these new park areas from the new headquarters facilities in Glen Jean?

Mr. COLEMAN. Yes, sir; the new areas would be under the general overall administration of the superintendent of New River

Gorge. He will probably have additional people on his staff who will deal with those other areas.

That does not mean that we wouldn't have some facilities, district ranger stations, or other things, in the Gauley and in the Bluestone area.

Chairman BYRD. You are to have new district ranger stations located in some of the new areas?

Mr. COLEMAN. Presumably, yes, sir; I think we can anticipate some facilities there.

Chairman BYRD. Will the new headquarters be large enough to accommodate the expanded staff necessary to plan the development of these park additions on the Gauley, Bluestone, and Meadow River segments?

Mr. COLEMAN. It would be extremely unusual if we didn't need to add additional staff to the park there because they've added three new National Park Service areas, and I am sure we will need some additional staff. The building as such is designed really just for the New River Gorge program.

Chairman BYRD. So the headquarters facilities are not large enough to accommodate the expanded staff necessary?

Mr. COLEMAN. I think that we could say that in the future that is most probable.

Chairman BYRD. At my request, I believe that the Glen Jean headquarters was designed to facilitate expansion of the building if that becomes necessary due to the growth of the park.

Mr. COLEMAN. Yes, sir.

Chairman BYRD. Are building enlargement plans under consideration yet?

Mr. COLEMAN. No, sir; the bill to enact the Gauley and the Bluestone just passed. We haven't begun our planning, but I am sure we are thinking about that possibility.

Chairman BYRD. I urge that you actively consider expanding the headquarters now. Expansion would permit the Denver Service Center to establish a field office to guide the many planning and construction efforts that are necessary to develop the New River Gorge National River; for example, the Cunard River access facilities, the Thurmond area reconstruction, the New River Parkway, the Kaymoor mine site, and so on. Such a field office should be established soon.

The local stationing of engineers from your Denver Service Center would permit them to gain a detailed personal knowledge and appreciation of the park needs. It could permit future projects to be designed and constructed more quickly and efficiently at New River.

Certainly, the pending construction workload at New River justifies the establishment of a field engineering and design office.

I wish you would consider this proposal carefully and send a letter to me with your thoughts on how best to establish such a temporary field office.

Mr. COLEMAN. Yes, sir; I would be happy to do that.

We have already sent one engineer from the Denver Service Center who is stationed now on Mr. Kennedy's staff, but his experience has been at the service center. So, we will certainly be happy to do that.

[The information follows:]

U.S. DEPARTMENT OF THE INTERIOR,
NATIONAL PARK SERVICE,
Philadelphia, PA, May 25, 1989.

Hon. ROBERT C. BYRD,
U.S. Senate,
Washington, DC.

DEAR SENATOR BYRD: At the recent Senate budget hearings, you requested information regarding the National Park Service's exploration of the establishment of a temporary technical field office at New River Gorge National River. That information follows:

The Denver Service Center (DSC) is and will be actively involved in a wide variety of planning, design, and construction projects at New River and other areas in the State of West Virginia. Currently, DSC is involved in preparation of 14 projects at New River alone. They are also involved in several other projects in West Virginia. Many of these projects are very large and complicated, such as the town of Thurmond, Sandstone Falls, the Kaymoor Mining Complex, and the New River Parkway. Thus, the projects require a great deal of technical onsite attention.

Recently, title II of Public Law 100-534 established the Gauley River National Recreation Area and Bluestone National Scenic River. As a first step toward complying with that legislation, we must prepare a combined general management plan/land protection plan for these new areas. Denver Service Center is and will continue to be involved in other projects in West Virginia, such as various reconnaissance studies, New River Parkway, West Virginia landscape assessment, and work in Harpers Ferry, WV.

Currently, the Denver Service Center's presence at New River consists of four or five professional/technical staff members. The lead Denver Service Center professional has a background in landscape architecture with experience in planning, design, and construction. He is involved in all active DSC projects. The other DSC employees are supervising the Glen Jean headquarters and Sandstone Falls boardwalk and bridge construction. Additional resident staff is expected to be added as site development mandates.

Your proposed expansion of the headquarters complex at Glen Jean could house a number of Denver Service Center staff members who could work in West Virginia while utilizing the existing support functions at DSC or the Mid-Atlantic Regional Office; nevertheless, facility expansion would best be established as necessary and within the context of overall funding priorities acceptable to the administration, the foremost being health and safety needs and essential maintenance of already developed areas. Based on a review of the fiscal year 1990 work following final appropriation action, the National Park Service could base an appropriate sized team in Glen Jean.

Sincerely,

JAMES W. COLEMAN, Jr.,
Regional Director.

HARPERS FERRY NATIONAL HISTORICAL PARK

Chairman BYRD. I must express my surprise at this point with the National Park Service's fiscal year 1990 budget request for Harpers Ferry. After spending some $14 million to develop the new Cavalier Heights parking and visitor transportation system at Harpers Ferry, no funds were included in the fiscal year 1990 budget request for the operation of this Federal investment.

How can you justify the failure to ask for these essential operating funds?

Mr. MOTT. The plan on the part of the superintendent at Harpers Ferry was to utilize some of the fee money for the bus service and for the work necessary to maintain this parking area. There is some question in my mind that the utilization of fee money for this particular purpose is proper. I would strongly recommend that additional funding be made available for the bus transportation in the amount of $176,000 rather than using fee money which is basi-

cally reserved for interpretation, research, and resource management.

Chairman BYRD. What would happen to the transportation system if Congress does not add the funds for its operation in fiscal year 1990?

Mr. MOTT. Well, I suppose, as good team players with you and Congress, we would probably have to take the money from some other sources in order to make it work.

Chairman BYRD. Doesn't the Secretary's fiscal year 1991 budget guidance permit you to include congressional amendments in your request for that year?

Mr. ITTEILAG. Yes; it will, Mr. Chairman. It does. I am familiar with that firsthand. Specifically, it makes provision for this sort of thing.

Chairman BYRD. That is a refreshing change, and I congratulate the Secretary for his wisdom.

A number of historic structures in the Harpers Ferry National Historical Park continue to be closed to the more than one million visitors to the town each year. Which buildings are ready for restoration and reconstruction funding in fiscal year 1990?

Mr. MOTT. Bob, do you have that information?

Mr. STANTON. Yes.

Mr. MOTT. This is Bob Stanton, the Regional Director for that area.

Mr. STANTON. Mr. Chairman, we are presently conducting archaeological and historic data studies of some 10 buildings in the lower town. Out of those, two buildings are ready for rehabilitation through a private contract. We anticipate opening of bids within the latter part of this month.

We would anticipate, based on the planning dollars that we already have appropriated to us, to have the necessary archaeological studies completed, the historic structures report completed, that would allow us to proceed with construction, if construction dollars were available, in fiscal years 1990 and 1991.

Chairman BYRD. And which are the buildings that are ready?

Mr. STANTON. Buildings 38 and 40.

Chairman BYRD. What would be the cost to complete this work?

Mr. STANTON. In fiscal year 1989 we have available to us currently a total of $2.4 million. We would anticipate in fiscal year 1990, to continue with the preservation of the buildings, a need for approximately $2.6 million.

Chairman BYRD. Do you believe that once the buildings are restored, the Park Service could interpret interesting and presently untold aspects of Harpers Ferry's heritage, and wouldn't these exhibits attract additional visitors to the park?

Mr. STANTON. Yes, sir; we are certainly pleased to have the benefit of an approved development concept plan for Harpers Ferry. Also, we have an approved interpretive prospectus that guides us basically in terms of interpretive themes. Just briefly, the four major interpretive themes are the industrial development of Harpers Ferry, certainly the John Brown story, the Civil War, and the education of black Americans with the historic college. The exhibits in these buildings will focus on those basic themes and indeed will attract perhaps more visitors.

RESOURCES STUDY

Chairman BYRD. A total of $150,000 was provided to the National Park Service in fiscal year 1989 to examine the cultural and historic resources of the area from the western border of the park to School House Ridge, as that is the site where in September of 1862 the great surrender of the Civil War occurred when 12,500 Union troops were subdued by Confederate forces led by General Stonewall Jackson. What have been the findings to date of the resources study?

Mr. STANTON. Mr. Chairman, on March 11, we hosted our first public meeting at Leetown at the Fish and Wildlife Service Training Center. It was well attended by roughly 50 to 60 citizens, private citizens who were concerned about the preservation of Harpers Ferry. From that, we developed a number of strategies.

The next process is to refine the comments made and publish a newsletter. Our schedule is to have available for the Director's consideration and ultimate submission to Congress our report to Congress by the end of this calendar year.

So, we have not arrived at any conclusions about the most feasible means of protecting School House Ridge or any other areas surrounding the park at this stage.

I might just add, Mr. Chairman, that in addition to School House Ridge, we are also looking at those portions of Harpers Ferry that lie within the States of Maryland and Virginia—in other words, the view from Harpers Ferry downriver—as a concern for the preservation of that park.

Chairman BYRD. Yes; has the National Park Service taken a position regarding the proposed residential and business development of the School House Ridge area?

Mr. STANTON. No; we would refine that position, Mr. Chairman, through the study that is underway, and that will be a recommendation relative to the Federal interest in those properties as part of the final report that will be submitted at the end of this calendar year.

LAND PROTECTION PLAN

Chairman BYRD. What is the National Park Service doing to avoid the kind of conflict that occurred between developers and preservationists at Manassas, for example?

Mr. STANTON. Mr. Chairman, we have an approved land protection plan for Harpers Ferry that speaks to our mandate to look at all feasible alternatives that may include certainly fee acquisition and may include acquisition of properties less than fee.

It means working cooperatively with the Jefferson County zoning leadership to solicit their support in certain zoning ordinances, to elicit the support of private property owners as well as the commercial interests so that they may join with us in protection of Harpers Ferry National Historical Park.

If those efforts are successful, and I am optimistic that they will be, we will not need to resort to maybe fee acquisition or legislative taking.

VISITOR TRANSPORTATION SYSTEM

Chairman BYRD. A little earlier we were talking about the operation of the transportation system. I heard you use a figure, Mr. Mott. Let me make sure that we have that figure for the record.

What are the estimated fiscal year 1990 operating costs for the transportation system?

Mr. MOTT. It is $150,000.

Chairman BYRD. Yes; $150,000 was appropriated for 1989.

Mr. COLEMAN. That is correct.

Chairman BYRD. Right. And that is only a half-year.

Mr. STANTON. Mr. Chairman, if I may.

Mr. MOTT. Go ahead.

Mr. STANTON. For clarification, $150,000 was, in fact, appropriated in 1989 for the initiation of the visitor transportation system. We are in the process now of two things running concurrently. One is the acquisition of buses, for which Congress has appropriated $950,000. We will acquire six buses.

The $150,000 is to operate the buses from Cavalier Heights to the lower town, if you will, of Harpers Ferry National Historical Park where we would initiate the program this June or July.

If for some reason—and maybe I shouldn't say this for the record—if for some reason we do not have the buses in operation, we are prepared to contract with Pantran, which is a local transit authority that services Harpers Ferry, Bolivar, and the adjoining area. So, we are prepared to initiate that service come this summer.

Chairman BYRD. I think we will have to have a little further discussion of this operating cost.

Why don't you proceed, Senator McClure, if you have some further questions.

CUYAHOGA VALLEY NATIONAL RECREATION AREA

Senator MCCLURE. Certainly. Thank you very much, Mr. Chairman.

I want to turn for a moment to Cuyahoga. I am trying to recall what Congress was told at the time of the expansion of the Cuyahoga boundaries about the dump located within that territory.

Mr. MOTT. I don't think we had any information to the effect that it was a contaminated area.

Senator MCCLURE. We knew there was a dump there, didn't we?

Mr. MOTT. We knew there was a dump, but we didn't know the extent or that it was a toxic area.

Senator MCCLURE. Is there a particular reason we didn't know?

Mr. MOTT. I am not familiar with any particular reason for not knowing. At that time we weren't as conscious of these kinds of situations as we are today.

Senator MCCLURE. I think that is probably true, and I am not even sure I am in a position to blame the property owner before of having unloaded a dead horse on us. But apparently they did.

TOXIC MATERIALS CLEANUP COSTS

Mr. MOTT. It is costing quite a bit to remove the toxic materials.

Senator McCLURE. Well, it will. And as is the case in many of those instances, we may have been an innocent purchaser and they may have been—I emphasize the word "may"—may have been an innocent seller.

Mr. MOTT. I think that could possibly be.

Senator McCLURE. Do you know what the total cleanup costs are going to be?

Mr. MOTT. Yes; the total cost on that is going to be $15.3 million.

Senator McCLURE. And do you think that will complete it?

Mr. MOTT. That is the estimates that we have at the present time.

Senator McCLURE. How firm is that estimate?

Mr. MOTT. We think that it's quite solid. There are some tanks that are buried that we are not sure whether they are contaminated or not. We think that that figure is pretty solid.

JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS

Senator McCLURE. Let me turn for a moment to the Kennedy Center garage repair. As I understand, the amount of money that you have included in your budget request is based upon very tentative estimates of costs. Am I correct in that?

Mr. MOTT. We haven't done the complete investigation that needs to be done in order to come up with a final estimate of what that's going to cost. This $10 million that is now in the budget is an estimate that has been made without thorough engineering studies.

Senator McCLURE. My staff just handed me a part of the garage, part of what fell out. To the best of my knowledge, there's no blood on it. That is typical of what is happening down there.

Do your engineering evaluations indicate whether that is natural and anticipated deterioration?

Mr. MOTT. John Reynolds or Denny may be able to answer, but my understanding is that improper reinforcing rods were used to take care of the expansion and contraction due to climatic conditions. That is what is causing the problem, very similar to the problem we had at Wolf Trap.

Mr. STANTON. Mr. Chairman, just to comment further, 1 year ago, 1 year ago plus, the Kennedy Center Board of Trustees awarded a contract to Raths, Raths & Johnson, Inc., the noted architectural-engineering firm from Chicago, to conduct a preliminary review of the structural integrity, of the deterioration, if you will, of the garages.

That report, while not indepth, as Director Mott commented, was reviewed by a noted architect under Mr. Reynolds' supervision, Mr. Judd Ball. Mr. Ball felt that based on the information from that architectural and engineering report, we could develop some fairly good estimates, recognizing that we do not have the benefit of the detailed analysis.

What has just occurred, Mr. Chairman, and Members, is that Congress appropriated a little over $900,000 this fiscal year which the Park Service is using to contract for an A&E indepth study. In fact, the contract has already been awarded. The contractor should be entering into the Kennedy Center garage to conduct further analysis starting this month, and will have a more detailed analy-

sis of the work that has to be done. It may be, on the basis of that, that the $10 million will be sufficient or will not be sufficient.

Senator MCCLURE. Well, I commend you for recognizing the problem because obviously something has to be done about it. I just would—and I am also familiar, of course, with what the Kennedy Center Board has done with respect to it.

I am just wondering if you had made any independent analysis or whether you intend to make any independent analysis of the possible responsibility of architects, engineers, and constructors of the center?

Mr. MOTT. I am not aware of that.

Mr. STANTON. The contract, that I just mentioned has been awarded with the $900,000, is a National Park Service contract.

Senator MCCLURE. Yes; but that's directed more to the necessary repair than it is to the question of whether it was properly constructed in the first place.

Mr. STANTON. That is correct. Just a little history. As you may know, the Kennedy Center was contracted by General Services Administration, and the Park Service came in through an act of Congress subsequent to that.

Senator MCCLURE. Yes.

Mr. STANTON. There is evidence that improper specifications were in fact used.

Senator MCCLURE. Improper specifications?

Mr. STANTON. Yes.

Senator MCCLURE. And the contractor built it to——

Mr. STANTON. To those specifications.

Senator MCCLURE [continuing]. Those specifications.

Mr. STANTON. Right.

Senator MCCLURE. If there is a responsibility, it lies with GSA?

Mr. STANTON. Yes; there has been a lapse of some 17 years. I don't know——

Senator MCCLURE. Well, that is one of the great debates up here as to how long are architects and engineers responsible for the work they design and construct and how long are contractors responsible.

Mr. STANTON. Yes.

Senator MCCLURE. That is an open question, apparently, both here and in the courts.

CURRENT REPAIR NEEDS

Something needs to be done, though, however, without any question of that. The public's health and safety are involved because slabs of concrete are falling. So far, to the best of my knowledge, no one has been injured.

Mr. STANTON. That's correct.

Senator MCCLURE. But that is the grace of God, and not good management.

Mr. MOTT. You know the contract on this will have to be phased in order to keep the Kennedy Center operating.

Senator MCCLURE. Yes.

Mr. MOTT. And that is probably going to increase its cost. To what extent we don't know at this point in time.

Senator McCLURE. Yes.

PARK POLICE HELICOPTER

Let me turn for a moment to the question of your helicopter for this district or this region. You have requested $3.9 million for a Park Police helicopter. As I understand it, the U.S. Park Police currently operate two single-engine helicopters, one due for replacement in fiscal year 1990 and the other due for replacement in fiscal year 1991.

What percentage of the helicopter time is currently used for drug enforcement initiatives?

Mr. MOTT. I don't know that we have any accurate figures on exactly how much of the time is used in drug enforcement. There is some use of the helicopter for that purpose.

Primarily, our reason for making this replacement and using a two-engine helicopter instead of the single-engine is that we have had three failures of the motor on the single-engine. Fortunately, no one has been hurt in connection with that, but a lot of our rescue work and a lot of our work that we do is over water, and it is very important that we have a two-engine helicopter, even though they cost us about $3.4 million as compared to about $1.7 million, I think, for a single-engine.

For the amount of work that we're doing on drug work, I don't have any accurate figures. Maybe Bob does.

Mr. STANTON. The use of helicopters or motorcycles and cruisers as well as our horse-mounted and foot patrols is increasing relative to the increase, unfortunately, of the drug incidents or drug-related incidents, and for the past calendar year we totalled a little bit over 5,000 incidents or actions taken by U.S. Park Police relative to drugs. And it seems that that is increasing. I have asked the staff to give us a detailed breakout in terms of the actual hours that have been employed by the helicopters relative to drug enforcement.

I might add further that we work cooperatively with other Federal agencies relative to surveillance with the use of helicopters as well as to respond to other Park Service regions, primarily on the East Coast, in terms of assisting Mr. Coleman, as an example, and in Shenandoah to identify the growth of, primarily, marijuana and the impact on parks.

Senator McCLURE. Could you, along with that breakdown of how much time the helicopter has been used in drug enforcement activities, could you also include an estimate of how much drug enforcement time is planned with the new helicopters?

Mr. STANTON. Yes.

[The information follows:]

HELICOPTER/DRUG ENFORCEMENT

Due to the way incidents are classified, the actual percentage of total flight time spent on drug enforcement initiatives is not available, but is roughly estimated to be about half the time. Past utilization of U.S. Park Police helicopters in support of drug programs falls into three broad categories: Marijuana eradication; direct aerial support of raids and enforcement activities; and emergency medical evacuation of drug crime victims (including enforcement personnel).

Marijuana eradication: In the past 2 years, the helicopters have been involved in over 160 marijuana eradication missions. These flights have resulted in the seizure

of over 2,000 plants with a street value in excess of $1.4 million, and have substantially reduced incidents of illegal plantings on public lands within our areas of patrol.

Direct aerial support: Support usually involves participation in raids, searches, surveillance, or photo reconnaissance. During the last quarter of calendar year 1988 alone, the helicopters provided aerial support during 71 drug-related activities, which resulted in 85 arrests; 71 of which involved Bureau of Alcohol, Tobacco and Firearms charges involving weapons as well as drugs.

Emergency medical evacuation: Over 35 percent of recent medical evacuations have involved the victims of violent actions directly related to the drug trade. During 1988, we evacuated a total of 97 of these victims. During the first quarter of 1989, we have already reached 70 percent of this number, denoting a sharp upward trend.

FOREST FIRE SUPPRESSION FUNDING

Senator McCLURE. Mr. Mott, referring again to your statement with respect to fire suppression, I refer again to page 2 of your statement, the fourth paragraph on page 2. This approach to forest fire suppression, as distinguished from presuppression activities, they are two different activities. One you plan, and the other happens to you.

Mr. MOTT. Right.

Senator McCLURE. We have, over the years that I have been, here approached this in two different manners. Originally, we were doing about what you had suggested here. We would preappropriate an estimated amount, which in some years was far too much money and some years far too little.

We abandoned that approach in favor of a supplemental appropriations at the end of the fire season to pay whatever the bills were, because we came to recognize that our estimates were always bad no matter what the bill was that had to be paid. And we are, in effect, self-insurers without an insurance fund. We think that in almost every instance that it's cheaper for us to pay the bills than it is to build up a funded reserve.

We did that. We made that decision after a series of years in which we had appropriated far too much money, and there was money lying idle in a Treasury trust account that might have been used for some other reason or for some other purpose.

It's easier from a budgetary standpoint to have a fixed amount every year and build up the reserve, but that also from the standpoint of Congress wasted some money that we didn't need to have set aside.

Why are we going back to the funded reserve theory?

Mr. MOTT. I think the problem is that we have to take money that is allocated for other purposes planning and for development projects, which means that even though that money is there we're not sure we're going to get that reimbursement back again and it hinders the process of carrying out these projects and slows them down.

Senator McCLURE. Well, there was one step in the process I neglected to mention, and you have just mentioned it. We in past years always came in with a supplemental and appropriated the money, and now the last 2 years we have not had a supplemental.

Mr. MOTT. Correct.

Senator MCCLURE. So that the temporary diversion of money became a permanent diversion of money. This is what you are really addressing, isn't it?

Mr. MOTT. That's the problem that we face.

SUPPLEMENTAL FUNDING

Senator MCCLURE. If we would come in with the supplemental promptly at the end of the fire season, would that alleviate part of the problem?

Mr. MOTT. I think it would as far as we are concerned and as far as our planning is concerned.

Is that correct, John, or Walt?

Mr. COOK. I think in terms of the planning of design and construction it's true, and I think Walt probably has some other things to say about it.

Mr. MOTT. Walt Dabney, who is Chief of the Ranger Activities Division.

Walt.

Mr. DABNEY. Are you talking about only on suppression dollars, sir, or are you talking about presuppression?

Senator MCCLURE. I was talking only on suppression dollars. Presuppression activities, you ought to be able to program and plan.

Mr. DABNEY. Yes, sir; we can do that.

Senator MCCLURE. But the thing that you cannot predict is the amount of fire you will actually have and the amount of suppression costs you will actually have.

Mr. DABNEY. That's correct. That will vary year to year.

Senator MCCLURE. Well, I understand why OMB doesn't like supplementals. They are a second cut at the apple, and they are far too tempting to the Congress, oftentimes. But it does seem to me to make sense to simply appropriate the amounts when we know what they are rather than estimate and build up a funded reserve.

Mr. MOTT. I think that's true if we got the money on time. But if we don't get the money on time or if we don't get it, it really creates a problem.

Senator MCCLURE. I understand that. I guess I would opt to go back to the former system of a supplemental to pay the bill. If we pay the bills, there isn't any question about that.

Mr. Chairman, I think I will submit the balance of my questions for a response in writing, if I may do so.

Chairman BYRD. Very well.

Senator MCCLURE. Thank you, Mr. Chairman.

SITE SURVEY IN WEST VIRGINIA

Chairman BYRD. The fiscal year 1989 appropriation earmarked $100,000 for a statewide survey of potential Federal park sites in West Virginia. What is the status of that survey? Have you established a work plan yet?

Mr. COLEMAN. No, sir; we haven't established a work plan. But we have started conversations with the State of West Virginia to ascertain how much work they have done and how much they could do working with us on this study. We will be starting in earnest on that very shortly.

WEST VIRGINIA STATEWIDE ASSESSMENT

Chairman BYRD. Will there be any benefits to areas studied but not recommended for inclusion into the National Park System?

Mr. MOTT. The areas studied in the West Virginia statewide assessment and not recommended for inclusion in the National Park System are likely to receive some benefits from the process and its recognition. West Virginia, as a whole, will benefit from a documentation of its natural, cultural, and recreational resource values. The State's values will be more publicized and people are likely to visit other areas. If additional national parks are established in West Virginia, areas adjacent to or nearby will benefit economically as well.

Chairman BYRD. When do you think you will complete your present statewide survey?

Mr. COLEMAN. Well, I guess that depends a little bit on how much the State has done and how much we could work with them. At the present time we have $100,000 set aside to do this, and how much we can get done with that I am not quite sure. To finish that work will take about 1 year with the funding that we have.

Chairman BYRD. Would $100,000 complete that?

Mr. COLEMAN. Yes, sir.

Chairman BYRD. About 1 year's work?

Mr. COLEMAN. Right.

Chairman BYRD. Which would end about when? You're talking about 1 year from now?

Mr. COLEMAN. Yes, sir—well, about the end of the calendar year, February, something like that.

[The information follows:]

WEST VIRGINIA STATEWIDE PARK ASSESSMENT

An additional $150,000 would be required to complete a West Virginia statewide assessment, which could be finished by May 1990.

ESTABLISHMENT OF A COMMISSION

Chairman BYRD. I am interested in what can be done now to initiate the establishment and development of a park unit in Wheeling, WV. In February, the Park Service dispatched a planner from the Philadelphia regional office to tour Wheeling, which is a very historic city. It's my understanding that an allowance of $175,000 would permit the National Park Service to establish a local commission that would help to identify and develop candidate sites for inclusion in a new unit of the National Park Service. This unit would interpret the industrial heritage of Wheeling, WV. Is that correct?

Mr. COLEMAN. Well, I think the idea of commissions and those cost figures are probably appropriate. Such commissions have been established in other locations.

Chairman BYRD. Like Lowell, MA?

Mr. COLEMAN. Lowell is one, and in western Pennsylvania there is a commission. And I think those figures are about appropriate.

[The information follows:]

WHEELING, WV—TECHNICAL ASSISTANCE

The National Park Service could provide technical planning assistance and, in cooperation with the State of West Virginia, the city of Wheeling, and community organizations, assess the histroic, prehistoric, cultural, and natural resources within the city of Wheeling. A plan for the presentation, promotion, interpretation, development, and revitalization of these resources in a way which maximizes their recognition and the opportunities for public and private sector cooperation would be included. The plan would identify important resources and the actions needed to accomplish the goals.

An amount of $175,000 would be needed for research, National Park Service staff, and staffing for the local project.

WHEELING HISTORICAL SITES

Wheeling has a number of sites of varying degrees of historic significance that I am aware of. We have looked at them. We have not studied those with the idea that they should be a unit of the National Park Service. Wheeling has such sites as the national road, the bridge that goes across the Ohio River, a nail factory, and, I understand, a cigar factory of varying interest.

The first State capital was in Wheeling.

Chairman BYRD. That's right.

WEST VIRGINIA HISTORY

Mr. COLEMAN. Which they call Independence Hall.

Chairman BYRD. The first State capital. West Virginia is the 35th State, the only State to be born out of circumstances as happened in that instance, right in the middle of the Civil War.

One of the first two Senators, incidentally, from West Virginia, was Peter Van Winkel, former mayor of Parkersburg. He was born in New York City and worked for the B&O Railroad. He, in considerable degree, worked to bring Jefferson and Berkeley and Morgan Counties in as a part of the newly formed State. They were very pro-Confederate in their sentiment. But he did not want to see the B&O Railroad severed and Washington cut off from the West, which would have been the case had those counties not been included in the State of West Virginia.

The other Senator was Wakeman T. Willy, and Wakeman T. Willy voted not to acquit President Johnson. We have heard a lot about Reed of Kansas. Never heard much about Peter Van Winkel of West Virginia. Peter Van Winkel voted to acquit, and Wakeman T. Willy voted guilty. I almost had that backwards.

Anyhow, Peter Van Winkel voted against the sentiment of the West Virginia legislature. The West Virginia Senate, the newly formed West Virginia Senate, instructed him to vote Johnson guilty. I was right. Peter Van Winkel went against the wishes of the legislature and voted to acquit.

But we don't hear much about him.

Senator MCCLURE. He probably wasn't reelected. [Laughter.]

Chairman BYRD. He wasn't. [Laughter.]

That's why his is a true profile in courage. Reed went on and joined the Democratic Party later and held high positions in the Democratic Party. But Peter Van Winkel didn't do that. He stuck with his party and knew that he was buying a ticket for himself to

political oblivion and went against the sentiments of the legislature.

So, Wheeling is the site of that first government of West Virginia, and Francis Pierpont Morgan was the first Governor of West Virginia.

ESTABLISHMENT OF A COMMISSION

So, it's my understanding then that the allowance of $175,000 would permit the National Park Service to establish a local commission.

Tell us how the commission would work and why you agree that Wheeling has interesting potential for inclusion, in some way, in the National Park System.

Mr. COLEMAN. Well, I don't know how that would work. We are not sure. We need to think about it. As I said, if it has an interesting past—and what we do know is that, for example, the people at Oglebay have done a lot to develop that area at the park and attract visitors, and we think that these other facilities there tell an interesting story and could be developed in some way. How that would be I don't know, perhaps it would be through private organizations.

These other commissions, for example, in western Pennsylvania, the idea there is with some Federal seed money for planning and matching funds, local people are encouraged to fix their places up, to work on tourism developments, packages for tour groups, brochures and advertisement, to fix up the facilities, to put exhibits in and design those things as major tourist attractions. The commission would interest private organizations to run them and operate them. At least that's the way it's done in western Pennsylvania.

Chairman BYRD. Well, I am extremely interested in pursuing this as an objective, and I will do whatever I can to promote it.

HARPERS FERRY NATIONAL HISTORICAL PARK

We were talking a bit ago about the operating costs for the transportation system at Harpers Ferry. It's my understanding that there was $150,000 appropriated for a period extending from July through September of this year, which is only a part-year.

If that be the case, would it not be reasonable to anticipate that $300,000 would be needed for a full year, October 1989 to September 1990?

Mr. STANTON. The cost on the transportation services, Mr. Chairman, would be at roughly $150,000, based on the schedule that we hope to have in place starting this June or July.

The other operational concern is for staffing and the maintenance of the Cavalier Heights parking lot, which will accommodate 900 cars. We will have three major facilities there, plus the new park road that leads from Cavalier Heights to lower town.

So, in addition to the operation of the transportation, there has to be additional costs to maintain those facilities.

Chairman BYRD. Let me get to the question again. If it takes $150,000 to operate it a half-year, it doesn't take $300,000 to operate it a full year?

Mr. STANTON. Well, we hope to have a reduced schedule starting in—the schedule is to operate it only during the summer. If, in fact, we need to operate it year round, we will negotiate with Pantran, the company that will operate the bus. And your conclusion is correct. If in fact it operates for the 3 months or 4 months at $120,000 to $150,000 and if we want to operate it 7-days-a-week, which is not our current schedule or plan, then it may be the $300,000.

But that $150,000, Mr. Chairman, is based on our original plan of operating 7-days-a-week during the heavy visitation season, and on holiday weekends, I might add as well, like Labor Day.

LAND ACQUISITION BUDGET AMENDMENT

Chairman BYRD. President Bush has expressed his intentions to increase the fiscal year 1990 budget request for land acquisition. He made that announcement nearly 2 months ago. But Congress has received no details of how that money would be requested by agency.

Mr. Mott, can you or one of your associates provide any information about the amount of money that the Park Service will be requesting for land acquisition for fiscal year 1990?

Mr. MOTT. We don't know how that money is going to be appropriated throughout the agencies that would get money—the Forest Service and National Park Service, Fish and Wildlife Service, and so forth.

Under the formula that was used in the past, the National Park Service would get about $72 million. But we are not sure that that is the amount that will come under the present arrangements. The two Secretaries are going to be meeting to decide on how it's going to be apportioned between the two departments, and then I suppose the Secretary will determine what the amounts will be available to the National Park Service, Fish and Wildlife Service, and the Bureau of Land Management.

We don't have that information at the present time. It is being developed, and we have a list of projects that we think meets the criteria as we understood it from the President's comments, but those criteria have not yet been formalized and developed. So, we don't know exactly what are going to be the criteria for selecting units for this appropriation.

Chairman BYRD. Then the Department, I take it, is preparing a priority list with specifically identified projects and related costs to justify the budget amendment?

Mr. MOTT. Yes; we have developed a list of what we consider to be the priority projects and their costs relative to the criteria that were announced by the President, which was a very broad and general statement.

That is being refined and the list that we have developed will change, depending on what those new priorities are in the criteria for establishing these units that are going to receive this money.

Chairman BYRD. Are Park Service priority projects going to be ranked against those from the Fish and Wildlife Service and the Bureau of Land Management?

Mr. MOTT. It's my understanding that each bureau would submit their priority list, and the Secretary would then determine the overall priority for the Department of the Interior.

Chairman BYRD. Well, would the OMB make the decision?

Mr. MOTT. It's my understanding that the OMB is involved in the discussion relative to the criteria for the utilization of this $206 million.

CRITERIA

Chairman BYRD. What criteria are being used to rank one project against another? Is there an emphasis on recreation potential or protection of endangered species, for example?

Mr. MOTT. It's my understanding that the general broad concept of this is, first, that the area be close to a major metropolitan center; second, that it provide major recreational use for the residents that are within this major metropolitan center.

Other than that, we have not been privileged to what other criteria details may be developed.

Chairman BYRD. Did the Park Service have a role in selecting the criteria?

Mr. MOTT. Not that I am aware of.

Chairman BYRD. Were the criteria determined mostly by OMB?

Mr. MOTT. They are working on it, but I don't know that they are making the final decisions.

NEW RIVER GORGE NATIONAL RIVER

Chairman BYRD. How would the criteria affect parks that are in the middle of their development program, such as the New River Gorge National River?

Mr. MOTT. On our priority list we have considered the New River Gorge as one of the land acquisition projects.

Chairman BYRD. How would New River be affected, not on your list but on these other lists?

Mr. MOTT. I don't know until we find out what the criteria are that they are going to use for determining which units are going to be on the list and which are not going to be on the list.

Chairman BYRD. So, we can't be assured that the other criteria, the other list, would favor the completion of this New River land acquisition program?

Mr. MOTT. We can't determine that at this time because it would be judged against a lot of other projects and against these criteria that are being established.

Chairman BYRD. If the land acquisition criteria discriminate against New River Gorge, how would the National Park Service make important sites like Cunard accessible to the public?

Mr. MOTT. Well, we would have to have money appropriated in order to carry out that accessibility.

Chairman BYRD. In the case of a developing park like New River, doesn't it make sense to execute a land acquisition program in a manner that ensures that your previous investments in facilities will be accessible?

Mr. MOTT. That is correct, if we have the funds to carry it out.

Chairman BYRD. I believe that the National Park Service has developed its own list based on its own priorities.

Mr. MOTT. Yes.

Chairman BYRD. And New River Gorge is on the National Park Service's land acquisition priority list?

Mr. MOTT. Yes.

Chairman BYRD. I like your list. [Laughter.]

TENTATIVE PRIORITY LIST AND CRITERIA

Might the subcommittee have a copy of your list?

Mr. MOTT. We would be glad to furnish the list to you, but with the understanding that this may be changed as new criteria are established and as the final lists are being developed by the Secretary's office. The list that we present would be our recommendations, but there are these other criteria that may be developed that would change even our list.

But I will be glad to furnish you the list that we have as we see them as we understand the situation at the present time.

Chairman BYRD. Could you supply that today?

Mr. MOTT. Yes.

Chairman BYRD. If you would. Could you supply the criteria that you used to develop it?

Mr. KRIZ. We will supply that for the record. We don't have a copy of our priority ranking system with us.

[The information follows:]

FEDERAL LAND ACQUISITION

Potential Land Acquisition projects for the National Park System in priority order and the criteria used follow. The listing dated March 8, 1989, reflects potential projects and the criteria used before the Bush Administration took office. The revised listing dated May 15, 1989, is based on the new criteria applied to all Federal acquisition projects.

DEPARTMENT OF THE INTERIOR
National Park Service March 8, 1989

Federal Land Acquisition and State Grants Administration
Revised FY 1990 Budget Request

Area	Tracts	Acres	Amount	
Current Budget				
State Grants Administration			$ 3,383,000	
Acquisition Management			6,317,000	
Emergencies, Hardships, Inholdings, Deficiencies, and Relocation			6,079,000	
SUBTOTAL			$15,779,000	
Additions(Priority Order)				
Acquisition Management			$ 800,000	
Santa Monica Mts. NRA	147	3,770.00	26,530,000	
Chattahoochee River NRA	2	225.00	5,000,000	1/
Cuyahoga Valley NRA	7	100.00	2,000,000	2/
NP of American Samoa	3	9,000.00	400,000	
Lowell NHP	2	3.00	690,000	
Women's Right NHS	1	0.28	50,000	2/
Acadia NP	14	233.00	1,000,000	
Stones River NB	30	15.00	100,000	
El Malpais NM	7	3,300.00	3,500,000	
Saratoga NHP	4	17.00	225,000	
Olympic NP	9	110.30	600,000	2/
Timucuan E & H Res	5	100.00	500,000	
New River Gorge NR	48	2,812.00	2,500,000	
Appalachian Trail	103	2,387.00	7,000,000	2/
Gauley River NRA	8	6,600.00	3,000,000	
Delaware Water Gap NRA	7	96.00	800,000	
Big Cypress N Pres	230	1,967.00	1,935,000	
Alaska Parks	5	12.00	200,000	
Santa Monica Mts NRA	22	813.00	4,200,000	
Chattahoochee River NRA	1	135.00	3,000,000	2/
Cuyahoga Valley NRA	3	48.00	1,000,000	2/
Acadia NP	21	350.00	1,500,000	
New River NR	29	1,688.00	1,500,000	
Channel Islands NP	1	6,264.00	13,500,000	1/
Appalachian Trail	100	2,400.00	7,000,000	3/
Gauley River NRA	12	3,400.00	2,000,000	
Acquisition Management	-	-	1,221,000	
Big Cypress N Pres	689	5,894.00	4,000,000	
Timucuan E & H Res	2	100.00	1,500,000	
Congaree Swamp NM	12	733.00	1,000,000	
Delaware Water Gap NRA	6	70.00	500,000	
Kalaupapa NHP	3	1,362.00	2,500,000	
Golden Spike NHS	16	532.00	298,000	
Manassas NBP	12	80.00	500,000	
City of Rocks N Res	19	6,765.00	1,000,000	
Voyageurs NP	36	833.00	1,000,000	
St. Croix WSR	32	476.00	500,000	
Natchez NHP	1	80.00	5,000,000	
Alaska Parks	3	8.00	500,000	

Gulf Islands NS	10	538.00	1,000,000 2/
Jean Lafitte NHP & Pres	1	1,000.00	1,000,000
Guadalupe NP	16	10,123.00	1,800,000
Salem Maritime NHS	1	0.04	400,000 2/
Homestead NM	3	12.00	250,000 2/
Fort Union Trading Post NHS	4	36.00	200,000 2/
War in The Pacific NHP	5	1.00	500,000
Antietam NBP	3	62.00	500,000
Poverty Point NM	2	496.00	600,000
Virgin Islands NP	3	50.00	7,000,000
Haleakala NP	6	25.00	500,000
Subtotal	1,701	75,321.32	139,578,000
Restoration of Unpaid Fire Cost	-	-	16,464,000
Total	1,701	75,321.32	$156,042,000

1/ The amount requested exceeds the statutory ceiling for land acquisition by $1,553,000. The overceiling amount is requested under authority of P.L. 95-42.

2/ The amounts requested exceeds the statutory ceiling for land acquisition. The overceiling request are authorized by P.L. 95-42.

3/ Requires amendatory legislation to increase the statutory ceiling for land acquisition.

LAND RESOURCES DIVISION
LAND ACQUISITION PRIORITY RANKING SYSTEM
LOAD SHEET

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INSTRUCTIONS FOR COMPLETING THE LAND ACQUISITION PRIORITY CRITERIA LOADING SHEET

Field 1 - Unit Identification

Using up to 28 spaces, indicate the name of the unit to which the tract(s) belong.

Field 2 - Region

Indicate the appropriate region using one of the following: NARO-North Atlantic; NCR-National Capital; SERO-Southeast; MWRO-Midwest; RMRO-Rocky Mountain; SWRO-Southwest; WRO-Western; PNRO-Pacific Northwest; ARO-Alaska; WASO-Appalachian Trail

Field 3 - Park Code

Indicate the appropriate NPS Standard Park Code (Refer to Appendix A)

Field 4 - State/County Code

Indicate the appropriate state/county using the 2 digit GSA state code abbreviation and three digit county code abbreviation

Field 5 - Tract

Using up to 20 spaces, indicate which tract(s) is being considered. Identification should be consistent with that in the LPP.

Field 6 - Number of tracts within the above area

Often a "tract" in an LPP is really a dummy tract composed of several individual on-the-ground tracts. When the tract in field 5 is made up of more than one tract enter the number of tracts. If the tract in field 5 is a discrete tract enter a 1 in Field 6.

Field 7 - Interest to be Acquired

If the interest to be acquired is fee, enter an F. If less than fee enter an L. If combination of interests is involved enter an M (mixed).

Field 8 - Size

Indicate how many <u>total</u> acres are covered by this entry to the nearest hundredth of an acre. Do not enter commas but do use decimal; e.g. 125.01

Field 9 - Estimated Land Cost

Provide your best estimate of cost involved in acquiring the desired tract(s) being considered; including incidental expenses. DO NOT use commas or decimal points just enter whole dollar amounts.

Field 10 - Relationship to unit purpose

This criteria relates the Resources on the tract with the legislation authorizing the unit.

<u>Place an A</u> in this field if the tract or its resources are specifically <u>mentioned</u> in legislation as being fundamentally important to the unit's purpose <u>and</u> without which that purpose cannot be met.

Examples of such tracts include a tract having the home of a former president at a national historic site dedicated to his presidency or the tract having principle natural feature of a nature-based unit. Systemwide, <u>very few</u> tracts will meet this criteria.

Place a B in this field if the tract contains especially important cutural, natural, or scenic features that should be protected even though they were not specifically mentioned in the authorizing legislation or those tracts that are essential for managing primary resources. Many units will have no tracts remaining in this category as the appropriate Federal interest has already been acquired.

Place a C in this field if the tract(s) contain resources that are more common to the unit or if the tract allows for generally better resource management. Systemwide, most of the unacquired tracts, including the so-called inholdings, will fall within this category.

Place a D in this field if the tract does not need to be acquired to achieve the unit's purpose. This applies to any tract identified in a unit's LPP. Examples are tracts that can be adequately protected by zoning or cooperative agreements.

Field 11 - Price Escalation
Using your best estimate and considering the next 2-3 years:

Place an A in this field if the price of this tract is expected to increase more than 14% annually.

Place a B in this field if annual escalation is between 7-14%

Place a C in this field if the escalation is less than 7% per year.

Field 12 - Likelihood of incompatible Uses
During the next 2-3 years is it likely that incompatible uses will occur on this tract.

Place an A in this field if uses are likely to occur.

Place a B in thsi field if uses might occur

Place a C in this field if no uses is possible.

Field 13 - Severity of Incompatible uses

Place an A in this field if the uses will cause irreversable adverve consequences.

Place a B in this field if the adverse consequence can be corrected but at a subetaintual cost.

Place a C
In this field if the uses can be corrected at a reasonable cost.

Place a D in this field if no reabilitation is required.

Place an E in this field if the answer in field 12 is C

Field 14 - Capability to accomplish acquisition.

Place an A in this field if staffing at regional/field level is adequate and if appraisal, title, and other contracts are in line.

Place a B in this field if staffing and/or contracts would require significant enhancements before acquisition could proceed.

Field 15 - Project Mandate

Place an A in this field if the tract(s) appear in any legislation, House or Senate reports, the Conference Report, or the Administration has expressed high interest.

Place a B in this field if the tract(s) does not meet the criteria for A.

Field 16 - Relationship to Federal Development
If this tract is needed for mission-related improvements (e.g. contact station, river access, etc.);

Place an A in this field if development funds are available or likely to be available during the current year.

Place a B in this field if development funds are likely to be requested in next year's budget;

Place a C in this field if development funds are likely to be requested in future years;

Place a D in this field if the tract is not needed to provide for mission-related improvements.

Field 17 - NPS Presence

Place an A in this field if this tract is needed to establish a minimum NPS Presence at the unit.

Place a B in this if it does not meet criteria A.

Field 18 - Acquisition Funding

Place an A in this field if sufficient funds are currently available to purchase this tract after all higher priority tracts identified have been acquired.

Place a B in this field if the tract does not meet criteria for A.

Field 19 - Relative unit acquisition priority
Recognizing that the tract rankings in LPPs do not always lend themselves to division into precise subgroupings;

Place an A in this field if the tract falls into the top 1/3 of acquisitions as identified in the unit's LPP;

Place a B in this field if the tract is in the middle 1/3; or

Place a C in this field if the tract is in the bottom 1/3.

National Park Service
Federal Land Acquisition and State Assistance

Fiscal Year 1990 Budget Amendment

State Grant Administration		$ 3,383,000
Acquisition Management		6,317,000
Emergency, Hardship, Deficiency, Relocation, Inholdings		6,079,000
Acadia NP		1,000,000
Antietam NBP		500,000
Appalachian NST		7,000,000
Big Cypress N Pres		4,000,000
Chattahoochee NRA		5,000,000
Congaree Swamp NM		1,000,000
Cuyahoga NRA		3,500,000
Delaware Water Gap NRA		750,000
El Malpais NM		3,500,000
Jean Lafitte NHP & Pres		1,000,000
National Park of American Samoa		400,000
New River Gorge		2,500,000
Santa Monica Mountains NRA		21,530,000
Timucuan E & N Res		1,500,000
War in the Pacific NHP		500,000
Total	$	69,459,000

MAY 12 1989

Procedure for Compiling
Federal Land Acquisition Priority List

I. DOI and USDA determine which proposed acquisitions meet minimum criteria.

Minimum criteria (must be met in all cases):

1. The property is (a) within the boundaries of an existing Federal conservation/recreation unit, if such boundaries are set by statute; or (b) contiguous with property now comprising a Federal conservation/recreation unit, if the unit's boundaries are administratively determined; or (c) the initial "building block" of a newly-authorized Federal conservation/recreation unit.

2. The property presents no known health/safety/liability problems (e.g. hazardous waste contamination, unsafe structures).

3. There is no current indication of opposition from current owner(s) to Federal acquisition of the property (condemnations may be necessary in rare instances).

4. The cost of infrastructure necessary to make the property accessible, safe, and usable by the general public does not exceed 10 percent of the estimated purchase price.

II. DOI and USDA score proposed acquisitions that meet minimum criteria.

Each potential acquisition is scored by summing points it receives from meeting one or more of the following "ranking criteria". The indicated number of points is awarded if the proposed acquisition would:

1.a. Prevent imminent (within 2-3 years) property development that is determined by the regional or State director to be incompatible with the affected unit's authorized purpose(s). 50 points

b. Prevent short-to-medium term (within 4-8 years) property development that is determined by the Secretary to be incompatible with the affected unit's authorized purposes(s). 25 points

2.a. Provide multiple recreation opportunities (seven or more of the activities listed on Attachment A) within 100 miles of a Standard Metropolitan Statistical Area (SMSA). 50 points

b. Provide multiple recreation opportunities (seven or more of the activities listed on Attachment A) between 100 and 250 miles from an SMSA. 35 points

c. Provide limited recreation opportunities (one to six of the activities listed on Attachment A) within 100 miles of an SMSA. 35 points

d. Provide limited recreation opportunities (one to six of the activities listed on Attachment A) between 100 and 250 miles from an SMSA. 20 points

3.a. Preserve habitat of endangered species. 40 points

b. Preserve habitat of threatened species. 30 points

c. Preserve a recognized type of ecological community, for the purpose of promoting natural diversity. 20 points

4. Preserve a nationally-significant natural or cultural feature of a type not now represented in any Federal conservation/recreation unit. 40 points

5. Preserve a biologically valuable wetland or riparian habitat. 35 points

6.a. Include existing infrastructure required to make property accessible to and usable by the general public and by elderly/handicapped citizens. 40 points

b. Include existing infrastructure required to make property accessible to and usable by the general public, but not by elderly/handicapped citizens. 20 points

7. Expand a unit with a record of visitor-day growth exceeding 5 percent per year in at least three of the five prior years. 20 points

8. Improve manageability and efficiency of a unit. 20 points

9.a. Require Federal dollars of less than 25 percent of the estimated fair market value of the property. 35 points

b. Require Federal dollars of only 25 to 49 percent of the estimated fair market value of the property. 25 points

c. Require Federal dollars of only 50 to 74 percent of the estimated fair market value of the property. 20 points

d. Require Federal dollars of only 75 to 99 percent of estimated fair market value of the property. 10 points

10. Involve Federal acquisition of less than full fee title to the property (e.g. purchases of scenic or conservation easements). 10 points

11. For each non-Federal partner (State, local, private) contributing significant resources ("significant" = at least 25 percent of acquisition, development, or management dollars), add 5 points, up to a maximum of 15 points.

12. Provide multiple recreation opportunities (seven or more of the activities listed on Attachment A) and is within a county with a population of one million or more. 100 points

Ranking criteria listed under a single number (e.g. "1.a.", "1.b.") are mutually exclusive; points may not be awarded for more than one. For example, a proposed acquisition may score 40 points for meeting criterion 3.a., but cannot score 70 points for meeting both criteria 3.a. and 3.b.

Each property proposed for acquisition is normally scored separately. However, if several related properties are proposed for purchase as a group to optimize use of funds, the group may be assigned a composite score (e.g. the criteria may be applied and a score assigned to the Forest Service Lake Tahoe project or the Park Service Santa Monica Mountains project as a whole).

III. DOI and USDA tentatively rank acquisition proposals.

The Departments jointly prepare a unified list of acquisition proposals, ranked in descending order of points scored. A cut-off point is determined by summing costs associated with the ranked acquisitions until the cumulative cost reaches the land acquisition budget limit ($206 million less administrative and emergency acquisition costs).

IV. Review by Land Acquisition Working Group.

A Land Acquisition Working Group has been established, comprising representatives of the Assistant Secretary of the Interior for Fish and Wildlife and Parks; the Assistant Secretary of the Interior for Land and Minerals Management; and the Assistant to the Secretary of Agriculture for Natural Resources and Environment.

The Working Group reviews and modifies the tentative ranking of land acquisition proposals to reflect (1) corrections of identified scoring errors, (2) proposed exceptions to the minimum criteria, and (3) subjective factors not taken into account in the scoring process.

Examples of subjective factors include, but are not limited to: the role of a given acquisition in a coordinated Federal/State/local effort to preserve recreation lands; the possible effect of an acquisition on State, local, or private efforts to offer competing recreation opportunities; the prospect that a private conservation group may desire to purchase the property.

For each proposed acquisition added to the list on a basis other than points scored, the Working Group prepares a brief written justification explaining why the acquisition has been afforded higher priority.

Attachment A

Recreation Activities

Hiking
Camping
Picnicking
Fishing
Hunting
Swimming
Boating/Canoeing/Rafting
Auto Touring
Off-road Vehicle Use
Skiing/Ice Skating
Snowmobiling
Bicycling
Horseback Riding
Observing Wildlife

FOREST FIRE SUPPRESSION FUNDING

Chairman BYRD. All right.

Senator McClure got into the firefighting matter pretty thoroughly. The Department, using emergency transfer authority provided in the Interior appropriations bill, shifted $102.9 million out of Park Service land acquisition and construction accounts. Although some repayments have been made to those accounts, it is my understanding that a total of $14,964,000 in Park Service land acquisition funds and $30,864,000 in Park Service construction funds appropriated in fiscal year 1988 have not been reimbursed.

In addition, there is a shortfall of some $1.5 million in prior-year Park Service funding that was used for fighting fires.

Are those figures correct, Mr. Mott?

Mr. GALVIN. Yes, Mr. Chairman.

Chairman BYRD. I understand that the Department did seek supplemental funding in compliance with section 102 of the Interior appropriations bill to fully reimburse these accounts for the firefighting transfer costs. And that was properly done.

The supplemental request apparently was stopped in the Office of Management and Budget. But the question remains, how are we going to complete these projects which Congress already has approved and has provided the money for, when the money has disappeared?

IMPACT OF UNREIMBURSED TRANSFERS

More importantly, all the projects that remain unreimbursed were congressionally sponsored projects. Am I correct?

Mr. GALVIN. That's correct, Mr. Chairman.

Chairman BYRD. Then it seems that by not forwarding your supplemental request, OMB has effectively devised a way, as I indicat-

ed earlier, to gain line-item veto authority over congressional amendments.

Would you agree? [Laughter.]

Mr. GALVIN. I would agree with your characterization of the impact on our program, Mr. Chairman, that these projects will go incomplete if a supplemental is not forwarded and appropriations are not available.

Chairman BYRD. Well, this is another example of why OMB deserves the reputation that it has.

I didn't ask you for any comment. [Laughter.]

NEW RIVER GORGE NATIONAL RIVER

Well, I just have a few more questions.

Let me go back to the New River Gorge. About the Canyon Rim Visitor Center adjacent to the bridge, the New River Gorge Bridge, I believe that the new visitor center was designed by SEM Associates, of Beckley, WV. The Park Service selected this firm from other bidders within a 150-mile radius of the park.

Was there adequate competition among architect and engineering companies relatively near the park area?

Mr. COLEMAN. Yes, sir; I believe there was.

Chairman BYRD. Are you satisfied with the design produced by SEM Associates?

Mr. COLEMAN. Yes, sir; I personally looked at it, and I think it's an excellent design.

Chairman BYRD. Do you intend to continue to use local firms for the remaining development in the New River Gorge National River?

Mr. COLEMAN. Yes, sir.

Chairman BYRD. They do have a knowledge and appreciation of the park area more so than——

Mr. COLEMAN. Yes, sir; it's my understanding, although that is handled through the Denver Service Center——

Mr. GALVIN. Mr. Chairman, the rules of the game there are that you bid in an area that assures adequate competition, and if the area, I believe in some instances in New River Gorge we're using a figure of 150-mile radius, if there are adequate firms to provide adequate competition, then we limit the area of competition in those regards.

There may be some individual contracts for highly specialized services that would require bidding on a wider basis. But generally speaking, with respect to standard kinds of architectural and engineering design, certainly on a 150-mile radius around the river would provide adequate competition.

Chairman BYRD. Is there any reason why the construction of the facility cannot be completed and operations initiated by the summer of 1990?

Mr. COLEMAN. I believe that that is the schedule for it now.

Mr. GALVIN. It is.

Mr. COLEMAN. Yes, sir.

Chairman BYRD. The budget does not include operating funds for the New Canyon River Visitor Center, does it?

Mr. COLEMAN. No, sir; it does not.

Chairman BYRD. So, you would have to delay opening the center unless Congress adds funds?

Mr. GALVIN. No, sir; I don't believe that would be necessary. We are at the present time operating a visitor facility there. We have funds to do that.

So to operate the new center, although the new center will be larger and cost more to operate, the difference is not substantial. The difference between operating the new visitor center in the remainder of the fiscal year 1990 is not substantial, the extra money that we would need.

We are not sure yet exactly how much we would need. We think we could probably make that up through existing funds. We will not have to delay the opening of the visitor center because of funding.

Mr. MOTT. But it is possible that in the budget of 1991 that we would ask for additional.

Mr. COLEMAN. Yes, sir; we will need more then.

Chairman BYRD. Have you worked out the details of the water and sewer systems for the new center?

Mr. GALVIN. Yes, sir; we have. We are going to have a sewage treatment facility on the other side of the highway, U.S. 19.

The water will be pumped up from water that we acquired with the purchase of the Burnwood property. We at one time had thought about building a new water system and pumping it some distance. That would have been extremely expensive.

Our engineers and planners felt that there is a possibility that the quality of the water source that we are going to use might diminish somewhat in extended dry seasons. If that happens, however, we can haul water in to supplement the drinking water. The quality still would be all right for other uses.

Chairman BYRD. Is there any danger that the utilities won't be completed on schedule with the rest of the building?

Mr. COLEMAN. No, sir; it's on schedule.

Chairman BYRD. When the Canyon Rim Visitor Center is operational, I hope that it will include a video tape library and display equipment which exhibit not only the beauty, education, and recreational opportunities that the New River has to offer, but also information about other sites of interest in West Virginia, for example, Harpers Ferry, the Monongahela National Forest, the State park system, et cetera.

POSSIBLE ACQUISITION OF CYPRESS ISLAND

Chairman BYRD. Senator Adams has asked me to request information about the possible acquisition of Cypress Island, which is the last large undeveloped island in the San Juan Archipelago.

Specifically, I would like you to briefly describe the proposal to acquire the property in partnership with the State of Washington and how this project would fit in with current Park Service management.

Senator Adams addresses his question to Mr. Odegaard.

Mr. ODEGAARD. Mr. Chairman, the Cypress Island is a very large island in the San Juan Archipelago. There are two major landown-

ers in that area, with about 3,500 acres, who are either going to sell it or they are going to develop it.

It's my understanding that the State legislature of the State of Washington has passed the natural area bill and within that framework the State department of natural resources has been acquiring natural areas within various islands in the San Juans.

This is probably a once-in-a-lifetime opportunity. The commissioner of public lands, an elected official of the State of Washington, saw me last week and indicated to me that I might expect some questions on this. I probably can't give you the detailed answers that I would like to. But I know the San Juan quite well, since we also have a national park in the San Juans, San Juan specifically.

This particular island is one of the larger islands in the 151 islands that exist there. If it were to be acquired, the State has about one-third of the money that the commissioner of public lands tells me it would take to do it: Approximately $5 million is available and it's possible $14 million will be needed.

So that he said that they would need about $9 million for a program in the preservation of this open space, a natural area in the San Juan Islands, in order to be done.

It's my understanding that if that were to be done, it would have to take an act of Congress to do it because it would be, in fact, a public program with the State on acquisition of land which they probably would administer.

Mr. MOTT. Mr. Chairman, can I come back to the subject again that we are trying to get back into the planning process. We need to have an appropriation to look at this project from the standpoint of is it nationally significant, is it feasible, and is it suitable, and then we can make a recommendation that yes, it is, or no, it isn't.

Then the next planning step would be to do the actual preliminary plans so that we could then tell Congress what it's going to cost to operate it, develop it, and so forth.

I think we should get back into that process because if we don't, then we get into these acquisitions that come to us and then we have no planning money, we have no development money, we have no operational money.

The planning process, as I described it in the first step, in this particular case would be an appropriation to determine the national significance of this area, its feasibility, and its suitability. Then we are on the right process of going forward with this kind of a program.

Chairman BYRD. The rest of this is off the record.

[Discussion off the record.]

CLOSING REMARKS

Chairman BYRD. We will resume.

I just want to say as we close, Director Mott, I would say that you have provided enthusiastic leadership to the Park Service, and you have been a true friend in dealing with our parks in West Virginia. We will be sorry to see you leave Washington.

I know that you will serve the American people equally well in any position that you hold in the future, and I understand you are going to be in California.

Mr. MOTT. That's correct.

Chairman BYRD. I certainly wish you well, and I hope that we will have the pleasure when you are back in Washington at sometime that this committee is holding hearings that you will come in and visit with us. Who knows, 30 years from now we may be telling this story over again. [Laughter.]

I would also like to note that you have been very fortunate to have a real park professional such as Mr. Denny Galvin to serve as your deputy. Mr. Galvin's thorough knowledge of the Park Service and his no-nonsense presentation of the facts make him a valuable asset to the administration and to the Congress. I hope he will continue in his present position as the National Park Service Deputy Director.

I have no more questions. The other members will have some written questions, and I may submit some additional ones.

If you have any final comments, we would be glad to have them.

Mr. MOTT. I think I commented about planning, which I think is terribly important.

The other thing that needs to be understood as we go into the 21st century is that the National Park Service has an awesome responsibility in preserving the natural and cultural values of this country, to make them available for the people, and to turn them over to future generations unimpaired.

The problem that we face constantly is that we deal with intrinsic values, the beauty of an area, the cultural values, and so forth, just as you have explained in the New River Gorge, the beauty of that area. We cannot put dollars and cents on that. But the money that is invested in these areas is very, very worthwhile as we go into the 21st century.

I think that we have to have people understand our position and that our position is one of long-range thinking and long-range importance and that we deal with these intrinsic values against dollar values. People understand the dollars but sometimes don't understand the intrinsic values. They are important. In fact, in my mind, they are more important than the dollars, because we are preserving for future generations the natural and cultural values of this country that are going to be terribly important and terribly significant to the welfare, the productivity, the preservation of gene pools, and so forth.

I think that we appreciate very much your support of the National Park Service and what you have done for us and helped us in getting people to understand these values that we are trying to protect and preserve.

Chairman BYRD. Very well said. Thank you, Mr. Mott.

I thank all of you who have attended the hearings today.

ADDITIONAL COMMITTEE QUESTIONS

We will have some additional questions for the record, and I would expect that other members may also have questions. We would appreciate your prompt responses.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

FIREFIGHTING

Your fiscal year 1990 budget includes an estimate of $11,600,000 for fire management and presuppression activities. This is a substantial increase over the token amount requested for these activities requested in fiscal year 1989.

1. Question: Does this increase represent a substantial revision in your approach to forest firefighting subsequent to the disastrous fire season of this past year?

Answer: We have not proposed any substantial revisions in National Park Service fire management strategies and firefighting methods. Our approach will continue to be based on five basic strategies:

1. Maintain adequate presuppression resources (firefighters, aircraft, fire engines, etcetera) to carry out successful initial attack on all wildfires in a normal fire year.

2. Utilize interagency resources for extended attack and for some initial attack in severe fire years.

3. Suppress all wildfires promptly utilizing strategies that balance cost efficiency with minimum resource degradation.

4. Use fire as a management tool to help perpetuate natural ecosystems (prescribed natural fire), to restore and maintain desired vegetative conditions (prescribed burning), and to prevent or lessen the adverse impacts of wildfires by removing hazardous fuel buildups (prescribed burning).

5. Provide parks with the permanent fire staffing necessary to adequately plan and manage complex programs.

The increased funding will allow the National Park Service to fully implement these strategies based on a quantitative analysis (FIREPRO III) of the needs of each park. FIREPRO III is the culmination of a 7-year analysis development and refinement effort to objectively define program levels.

2. Question: Does this request represent the optimum amount necessary to reduce excessive fuel-load buildup in National Park Service areas?

Answer: The request represents the optimum amount that can be utilized on a recurring basis for hazard fuel reduction.

Prescribed burning is a proven effective tool for reducing hazardous fuels, but its application is limited by several constraints. Optimal weather and fuel moisture conditions for burning occur only at certain times of the year or may not occur at all in wet or dry years. Smoke impacts and the availability of backup suppression resources are also limiting factors on how much fuel can be reduced each year.

The requested amount is adequate to treat about 116,500 acres per year. This will represent a fourfold increase in areas treated, and will provide significant wildfire protection in many parks. In view of program constraints, a program level of 116,500 acres will allow the National Park Service to make reasonable headway in solving the long-term problem of hazardous fuel buildups.

3. Question: Recognizing that you can't do everything necessary in just one year, how long will it take the Service at an annual rate of $11,600,000 for fire management and presuppression to reach satisfactory fuel-load levels?

Answer: The hazardous fuel problem has been building for up for 100 years in some parks. There is no possible way to restore safe fuel conditions in a few years. The program we have proposed would reverse the trend toward increasingly hazardous conditions and should allow the Service to achieve maintenance fuel management levels in about 20 years. Some parks will obviously reach that level sooner than others. The large Western wilderness parks will take the longest time because it will be difficult to achieve hazard fuel reduction targets each year. In some parks these targets are 10,000-15,000 acres per year.

The fuels management program must continue after safe fuel levels have been restored to prevent the current situation from recurring. Program implementation should get easier in time since areas that have been treated can serve as buffers for untreated areas.

4. Question: Have you selected specific areas where you will initiate your enhanced presuppression activities? If so, how were these areas chosen?

Answer: All park areas with wildland fire problems will benefit to some extent from the enhanced presuppression program. The FIREPRO III presuppression needs analyses are being applied to all 218 Park Service areas with wildland fire potential. The areas that will benefit most are parks with intermediate levels of wildfire occurrence, those that experience severe fires at long intervals, those that have been unable to support fire management activities with "Operation of the National Park System" funds, and those with the greatest hazardous fuel problems. At present, scarce presuppression funds have been used to address the highest priority areas first, leaving secondary areas with fewer resources at their disposal and exposing them to greater risk.

Parks such as Big Cypress, Shenandoah, Grand Teton, Grand Canyon, Mesa Verde, Rocky Mountain, and the Black Hills Complex (Wind Cave, Jewel Cave, Badlands, Devils Tower, and Mount Rushmore) will be major beneficiaries. Major new or expanded hazard fuel reduction programs will be undertaken at Everglades, Big Cypress, Big Bend, Voyageurs, Shenandoah, Grand Canyon, Grand Teton, Hawaii Volcanoes, Yosemite, Yellowstone, and Sequoia and Kings Canyons.

The FIREPRO III analyses rate presuppression and hazard fuel problems in parks against objective criteria to determine needs. For example, hazard fuel projects are prioritized by utilizing nine rating criteria, including natural and cultural values at risk, public safety concerns, boundary/external threats and concerns, and legislative mandates.

EMPLOYEE HOUSING

The fiscal year 1990 budget submission includes a $10 million request for employee housing. Of this amount $2 million is for design and $8 million is for construction.

I understand that your employee housing at many parks is in poor condition, yet this is the first time in many years that the Service has requested construction funds for employee housing.

5. Question: Why have you not requested funds for this purpose in the past few years?

Answer: In light of fiscal constraints to reduce the Federal deficit, and in evaluating the condition of infrastructures throughout the Service, employee housing was not given a high priority given the competing needs within the Service. There were greater health and safety issues concerning the visiting public that had to be addressed. However, after a recent analysis, it was determined that employee housing must become a higher Service priority.

6. Question: The Service's report on the condition of employee housing identified a total need exceeding $267.5 million for housing repair. How much of this amount is related to health and safety requirements?

Answer: The majority of repair/rehabilitation work performed on National Park Service employee housing addresses health and safety issues. The Housing Oversight Committee is working with the industrial hygienists (National Park Service) to ensure that lead, asbestos, formaldehyde and other potential health hazards in housing are addressed. Radon gas testing of all employee housing was conducted by the Public Health Service and mitigation efforts are underway in many park areas.

7. Question: How many permanent employee housing units does the Service own, and how many of these are in need of repair?

Answer: The current Housing Inventory lists 2,899 housing units for permanent employees. The 1988 Housing Management Plans identified approximately 1,340 or 46 percent of the permanent employee units needing some degree of repair/rehabilitation.

8. Question: What is the age profile of our housing stock--what percent is over fifty years old, what percent is over twenty-five, for example?

Answer: The National Park Service housing stock includes 2,899 permanent housing units and 2,101 seasonal housing units, for a total housing stock of 5,000. Including both permanent and seasonal housing, there are 1,402 units which were constructed before 1940 and an additional 1,941 units that were constructed before 1955. There are additionally 745 trailers in use and their average age is over 20 years. Therefore, approximately 28 percent of Park Service employee housing is over 50 years old, approximately 67 percent is over 25 years old, and approximately 80 percent is over 20 years old.

9. Question: Would any of the $10 million request be used for the construction of new homes, and if so, would these only be replacements for existing units or would some of these actually be additions to the Service's housing inventory?

Answer: The fiscal year 1990 request is solely for replacement of old and unsafe trailers, and rehabilitation of other substandard units. No funds are requested for the construction of new housing units.

10. Question: Would you identify the criteria that you are using to determine which houses are repaired first and to determine whether a given house is worth repairing at all?

Answer: All repair/rehabilitation projects for fiscal years 1989 and 1990 were identified by the respective National Park Service Regional Offices and received funding consideration based on the number of housing units in poor and obsolete condition for which the planning had been completed and which represented work which could be accomplished within the fiscal year.

NPS-76--The Housing Design and Rehabilitation Guideline provides detailed guidance and dollar guidelines for housing initiative projects to ensure that the level of effort proposed for an individual housing unit is economically justifiable. The general guideline states that $20,000-$40,000 for a single family housing unit and $10,000-$20,000 per unit for multiple-family housing and dormitory units represent a threshold to determine if a given structure is worth repairing.

11. Question: Are there a number of historic dwellings that are included within the overall estimated employee housing reconstruction requirement?

Answer: Yes. We have approximately 600 historic structures in our housing inventory. Although it is more costly to repair a historic structure, use of historic dwellings is frequently

desirable since it serves to enhance the long-term preservation of the structure as well as meeting the need for staff housing in a park.

12. Question: What percent do these historic properties represent of the total number of units that need repair, and what is their average estimated repair cost compared to the remaining units?

Answer: The specific number of historic structures needing repairs is not specifically known inasmuch as this information has not been collected. A great deal of time would be needed to develop this data from the Housing Inventory data base and have it verified with Cultural Resources staff. However, historic structures make up 12 percent of our total housing stock and the average estimated repair cost falls within the National Park Service Housing Design and Rehabilitation Guidelines.

13. Question: Will any of these housing construction funds be used on dwellings that are not occupied by Park Service personnel?

Answer: All housing construction funds will be used on dwellings occupied by National Park Service personnel. It is the policy of the National Park Service that housing will not be rented to the private sector. However, the Service does occasionally provide temporary housing to essential cooperators when they provide significant services that benefit a park. Essential cooperators include teachers, law enforcement officers, medical personnel, magistrates, postal employees, concession employees, and the like.

14. Question: Would you provide for the record a listing of your housing construction needs, including the number of units and the total cost, by park?

Answer: The Employee Housing Initiative report identifies the overall needs of the Service and gives an estimated cost. However, we cannot give costs figures for each park because there are many varying individual cost factors. In some cases, such as in Grand Canyon and Yellowstone National Parks, we are in the early stages of correcting major housing deficiencies, and a total cost for this would be difficult to estimate until detailed analysis and planning activities have been completed. Also, the results of Departmental housing needs assessments performed by the Office of Construction Management, for which funds have been requested for fiscal year 1990, could affect our estimates of construction needs.

However, some information on a park-by-park basis is available. A detailed listing by park and by Regional Office is provided based on the 1988 Housing Management Plans submitted by park areas. This listing could change somewhat as we do detailed planning and design at each park area, or if conditions at the park change, as in the case at Yellowstone National Park after the fires last year, or in response to the findings of Departmental needs assessments.

NATIONAL PARK SERVICE HOUSING DATA

ALASKA REGION		PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
PARK NAME	ORG CODE	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
ANIAKCHAK NATIONAL MONUMENT & PRESERVE	9800	0	0	0	0	0	0	1	0	0	0	1	0
BERING LAND BRIDGE NATIONAL PRESERVE	9805	4	4	0	6	0	1	0	2	4	5	0	8
DENALI NATIONAL PARK & PRESERVE	9830	30	0	5	23	68	28	0	65	98	28	5	88
GATES OF THE ARCTIC NATIONAL PARK & PRES	9840	1	0	3	4	0	0	1	6	1	0	4	10
GLACIER BAY NATIONAL PARK & PRESERVE	9815	8	1	3	3	10	10	0	20	18	11	3	23
KATMAI NATIONAL PARK & PRESERVE	9820	6	0	4	15	15	6	1	10	21	6	5	25
KENAI FJORDS NATIONAL PARK	9845	0	0	0	1	2	0	0	2	2	0	0	3
KLONDIKE GOLDRUSH NAT'L HISTORICAL PARK	9825	1	1	0	0	2	2	1	2	3	3	1	2
LAKE CLARK NATIONAL PARK & PRESERVE	9855	1	0	0	4	4	0	0	6	5	0	0	10
NORTHWEST AREAS	9850	4	13	1	5	3	3	5	10	7	16	6	15
WRANGELL ST ELIAS NATIONAL PARK & PRESERVE	9865	2	0	2	12	2	0	0	20	4	0	2	32
YUKON CHARLEY RIVERS NATIONAL PRESERVE	9870	0	0	0	4	0	0	0	1	0	0	0	5
ALASKA REGION TOTALS		57	19	18	77	106	58	9	144	163	69	27	221

NATIONAL PARK SERVICE HOUSING DATA

MID-ATLANTIC REGION		PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
PARK NAME	ORG CODE	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
ALLEGHENY PORTAGE RR NAT'L HISTORIC SITE	4130	3	0	2	0	2	2	0	3	5	2	2	3
APPOMATTOX COURT HOUSE NAT'L HISTORICAL PK	4180	2	0	0	0	1	0	0	0	3	0	0	0
ASSATEAGUE ISLAND NATIONAL SEASHORE	4190	5	1	0	1	6	5	1	0	11	6	1	1
COLONIAL NATIONAL HISTORICAL PARK	4290	22	0	10	0	0	0	0	0	22	0	10	0
DELAWARE WATER GAP NATIONAL RECREATION AREA	4320	39	1	5	0	2	0	2	0	41	1	7	0
FORT MCHENRY NATIONAL MONUMENT & HIST SHRINE	4340	3	0	2	0	0	0	0	0	3	0	2	0
FORT NECESSITY NATIONAL BATTLEFIELD	4160	2	2	0	1	1	0	0	0	3	2	0	1
FREDERICKSBURG & SPOTSYLVANIA BATTLEFIELDS	4370	7	0	7	0	2	0	2	0	9	0	9	0
FRIENDSHIP HILL NATIONAL HISTORIC SITE	4360	1	1	0	1	0	0	0	0	1	1	0	1
GEORGE WASHINGTON BIRTHPLACE NAT'L MONUMENT	4380	0	0	0	0	1	0	0	0	1	0	0	0
GETTYSBURG NATIONAL MILITARY PARK	4400	21	1	17	0	0	0	0	0	21	1	17	0
HAMPTON NATIONAL HISTORIC SITE	4350	2	0	1	0	0	0	0	0	2	0	1	0
HOPEWELL FURNACE NATIONAL HISTORIC SITE	4430	7	0	0	0	0	0	0	0	7	0	0	0
INDEPENDENCE NATIONAL HISTORICAL PARK	4450	9	0	9	0	0	0	0	0	9	0	9	0
PETERSBURG NATIONAL BATTLEFIELD	4770	9	1	0	1	0	0	0	0	9	1	0	1
RICHMOND NATIONAL BATTLEFIELD PARK	4800	4	0	4	0	0	0	0	0	4	0	4	0
SHENANDOAH NATIONAL PARK	4840	20	4	1	9	32	23	0	36	52	27	1	45
VALLEY FORGE NATIONAL HISTORICAL PARK	4860	33	5	5	0	0	0	0	0	33	5	5	0
MID-ATLANTIC REGION TOTALS		189	16	63	13	47	30	5	39	236	46	68	52

NATIONAL PARK SERVICE HOUSING DATA

MIDWEST REGION / PARK NAME	ORG CODE	PERMANENT HOUSING NEW: TOTAL NON	REMOVE	IMPROVE	CONST	SEASONAL HOUSING NEW: TOTAL NON	REMOVE	IMPROVE	CONST	TOTAL PERMANENT AND SEASONAL NEW: NON	REMOVE	IMPROVE	CONST
AGATE FOSSIL BEDS NATIONAL MONUMENT	6710	2	1	1	2	1	1	0	4	3	2	1	6
APOSTLE ISLANDS NATIONAL LAKESHORE	6140	3	1	3	1	16	4	2	3	19	5	5	4
CUYAHOGA VALLEY NATIONAL RECREATION AREA	6160	1	0	0	0	0	0	0	0	1	0	0	0
EFFIGY MOUNDS NATIONAL MONUMENT	6290	2	0	2	0	0	0	0	0	2	0	2	0
FORT LARNED NATIONAL HISTORIC SITE	6340	1	0	0	0	0	0	0	0	1	0	0	0
GEORGE WASHINGTON CARVER NATIONAL MONUMENT	6360	2	0	0	0	2	0	0	0	4	0	0	0
GRAND PORTAGE NATIONAL MONUMENT	6150	1	0	0	4	2	2	0	1	3	2	0	5
HERBERT HOOVER NATIONAL HISTORIC SITE	6470	7	0	7	0	0	0	0	0	7	0	7	0
HOMESTEAD NATIONAL MONUMENT	6480	2	0	2	0	0	0	0	0	2	0	2	0
INDIANA DUNES NATIONAL LAKESHORE	6300	0	0	0	0	2	0	0	0	2	0	0	0
ISLE ROYALE NATIONAL PARK	6310	0	0	0	0	37	23	17	45	37	23	17	45
LINCOLN BOYHOOD NATIONAL HISTORIC SITE	6400	3	0	2	0	0	0	0	0	3	0	2	0
LINCOLN HOME NATIONAL HISTORIC SITE	6530	2	1	0	0	0	0	0	0	2	1	0	0
OZARK NATIONAL SCENIC RIVERWAYS	6640	18	0	0	5	11	2	11	10	29	2	19	15
PERRYS VICTORY & INTERNAT'L PEACE MEMORIAL	6516	2	0	0	2	2	0	1	4	4	0	1	6
PICTURED ROCKS NATIONAL LAKESHORE	6320	2	0	2	0	3	0	1	0	5	0	3	0
PIPESTONE NATIONAL MONUMENT	6540	2	0	2	0	0	6	0	0	2	6	2	0
SCOTTS BLUFF NATIONAL MONUMENT	6700	1	0	1	0	0	0	0	0	1	0	1	0
SLEEPING BEAR DUNES NATIONAL LAKESHORE	6620	2	0	1	0	23	1	10	0	25	1	11	0
ST CROIX NATIONAL SCENIC RIVERWAY	6590	3	0	2	0	1	1	2	0	4	1	4	0
VOYAGEURS NATIONAL PARK	6820	1	0	1	1	19	0	2	0	20	0	3	1
WILSON'S CREEK NATIONAL BATTLEFIELD	6370	1	0	1	0	0	0	0	0	1	0	1	0
MIDWEST REGION TOTALS		58	3	35	15	119	40	46	67	0 177	43	81	82

NATIONAL PARK SERVICE HOUSING DATA

NORTH ATLANTIC REGION

PARK NAME	ORG CODE	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
		TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
ACADIA NATIONAL PARK	1700	3	0	1	0	46	16	5	22	49	16	6	22
BOSTON NATIONAL HISTORICAL PARK	1720	24	0	1	0	0	0	0	0	24	0	1	0
CAPE COD NATIONAL SEASHORE	1730	28	0	15	2	53	2	26	0	81	2	41	2
EDISON NATIONAL HISTORIC SITE	1840	2	0	2	0	0	0	0	0	2	0	2	0
FIRE ISLAND NATIONAL SEASHORE	1750	12	1	37	1	30	1	28	0	42	2	65	1
GATEWAY NATIONAL RECREATION AREA	1770	56	0	52	0	4	0	8	1	60	0	60	1
MINUTE MAN NATIONAL HISTORICAL PARK	1820	9	0	0	0	0	0	0	0	9	0	0	0
MORRISTOWN NATIONAL HISTORICAL PARK	1830	17	1	9	6	1	0	1	0	18	1	10	6
ROOSEVELT-VANDERBILT NATIONAL HISTORIC SITE	1790	11	0	6	0	0	0	0	0	11	0	6	0
SAGAMORE HILL NATIONAL HISTORIC SITE	1880	5	0	4	0	1	0	1	0	6	0	5	0
SALEM MARITIME NATIONAL HISTORIC SITE	1980	3	0	2	0	0	0	0	0	3	0	2	0
SARATOGA NATIONAL HISTORICAL PARK	1910	2	0	0	0	0	0	0	0	2	0	0	0
SAUGUS IRON WORKS NATIONAL HISTORIC SITE	1920	2	0	0	0	0	0	0	0	2	0	0	0
STATUE OF LIBERTY NATIONAL MONUMENT	1940	6	1	0	0	0	0	0	0	6	1	0	0
NORTH ATLANTIC REGION TOTALS		180	3	129	9	135	19	69	23	315	22	198	32

NATIONAL PARK SERVICE HOUSING DATA

NATIONAL CAPITAL REGION		PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
PARK NAME	ORG CODE	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
ANTIETAM NATIONAL BATTLEFIELD	3120	3	1	0	0	0	0	0	0	3	1	0	0
C & O CANAL NATIONAL HISTORICAL PARK	3100	7	0	1	0	0	0	0	0	7	0	1	0
CATOCTIN MOUNTAIN PARK	3200	6	0	1	0	0	0	0	0	6	0	1	0
CLARA BARTON NATIONAL HISTORIC SITE	3300	4	2	1	0	0	0	0	0	4	2	1	0
FREDERICK DOUGLASS HOME	3543	1	0	0	0	0	0	0	0	1	0	0	0
HARPERS FERRY NATIONAL HISTORICAL PARK	3050	13	0	1	0	1	0	0	0	14	0	1	0
MANASSAS NATIONAL BATTLEFIELD PARK	3040	10	2	0	0	1	0	0	0	11	2	0	0
MONACACY NATIONAL BATTLEFIELD	3130	0	1	0	0	0	0	0	0	0	1	0	0
NCPE - FORT WASHINGTON PARK	3550	0	0	0	0	9	0	0	0	0	0	0	0
NCPE-OXON HILL FARM	3560	2	0	0	0	0	0	0	0	2	0	0	0
PRINCE WILLIAM FOREST PARK	3700	5	1	3	1	0	0	0	1	5	1	3	2
ROCK CREEK PARK	3450	2	0	0	0	0	0	0	0	2	0	0	0
NATIONAL CAPITAL REGION TOTALS		53	7	7	1	2	0	0	1	55	7	7	2

NATIONAL PARK SERVICE HOUSING DATA

PACIFIC NORTHWEST REGION		PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
PARK NAME	ORG CODE	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
COULEE DAM NATIONAL RECREATION AREA	9260	9	1	5	0	21	10	4	8	30	11	9	8
CRATER LAKE NATIONAL PARK	9320	27	0	6	0	16	0	13	0	43	0	19	0
CRATERS OF THE MOON NATIONAL MONUMENT	9280	5	0	2	0	4	0	4	0	9	0	6	0
FORT CLATSOP NATIONAL MONUMENT	9420	2	0	2	0	0	0	0	0	2	0	2	0
FORT VANCOUVER NATIONAL HISTORIC SITE	9430	1	0	0	0	0	0	0	0	1	0	0	0
JOHN DAY FOSSIL BEDS NATIONAL MONUMENT	9325	1	1	0	0	1	0	0	0	2	1	0	0
MT RAINIER NATIONAL PARK	9450	42	0	11	2	87	3	9	7	129	3	20	9
NEZ PERCE NATIONAL HISTORICAL PARK	9370	1	0	0	0	0	0	0	0	1	0	0	0
NORTH CASCADES NATIONAL PARK	9470	19	3	7	7	40	19	15	21	59	22	22	28
OLYMPIC NATIONAL PARK	9500	21	6	9	10	65	8	18	22	86	14	27	32
OREGON CAVES NATIONAL MONUMENT	9340	1	0	0	0	2	0	0	0	3	0	0	0
WHITMAN MISSION NATIONAL HISTORIC SITE	9550	1	0	1	0	0	0	0	0	1	0	1	0
PACIFIC NORTHWEST REGION TOTALS		130	11	43	19	236	40	63	66	366	51	106	85

NATIONAL PARK SERVICE HOUSING DATA

ROCKY MOUNTAIN REGION

PARK NAME	ORG CODE	PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
		TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
ARCHES NATIONAL PARK	1348	4	1	7	1	5	0	0	0	9	1	7	1
BADLANDS NATIONAL PARK	1300	13	3	6	5	14	1	16	0	27	4	22	5
BIG HOLE NATIONAL BATTLEFIELD	1585	3	1	2	2	3	0	2	0	6	1	4	2
BIGHORN CANYON NATIONAL RECREATION AREA	1320	18	10	7	8	7	0	0	7	25	10	7	15
BLACK CANYON GUNNISON NAT'L MONUMENT	1377	0	0	0	0	6	6	0	6	6	6	0	6
BRYCE CANYON NATIONAL PARK	1330	16	0	0	0	9	0	3	0	25	0	3	0
CANYONLANDS NATIONAL PARK	1340	10	0	4	4	12	3	1	7	22	3	5	11
CAPITOL REEF NATIONAL PARK	1350	13	2	1	2	7	0	0	0	20	2	1	2
CEDAR BREAKS NATIONAL MONUMENT	1360	0	0	0	0	5	0	1	0	5	0	1	0
COLORADO NATIONAL MONUMENT	1378	8	0	8	0	4	0	4	0	12	0	12	0
CURECANTI NATIONAL RECREATION AREA	1379	11	0	2	0	11	0	0	0	22	0	2	0
CUSTER BATTLEFIELD NATIONAL MONUMENT	1380	3	0	3	0	5	0	1	7	8	0	4	7
DEVILS TOWER NATIONAL MONUMENT	1390	4	0	0	2	7	0	0	1	11	0	0	3
DINOSAUR NATIONAL MONUMENT	1400	13	0	13	0	21	1	15	0	34	1	28	0
FLORISSANT FOSSIL BEDS NATIONAL MONUMENT	1410	0	0	0	1	1	0	1	2	1	0	1	3
FOSSIL BUTTE NATIONAL MONUMENT	1468	0	0	0	0	1	0	0	0	1	0	0	0
FT UNION TRADING POST NAT'L HISTORIC SITE	1549	2	3	0	4	0	0	0	0	2	3	0	4
GLACIER NATIONAL PARK	1430	49	6	14	6	134	26	86	55	183	32	100	61
GLEN CANYON NATIONAL RECREATION AREA	1440	58	3	12	10	31	12	17	51	89	15	29	61
GOLDEN SPIKE NATIONAL HISTORIC SITE	1450	2	1	0	1	0	0	0	0	2	1	0	1
GRAND TETON NATIONAL PARK	1460	54	0	40	0	139	46	78	45	193	46	118	45
GRANT-KOHRS RANCH NATIONAL HISTORIC SITE	1586	1	1	0	1	0	0	0	0	1	1	0	1

SERVICEWIDE		PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
		TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
GREAT SAND DUNES NATIONAL MONUMENT	1470	6	0	7	1	8	4	3	11	14	4	10	12
HOVENWEEP NATIONAL MONUMENT	1498	2	0	1	1	0	1	0	1	2	1	1	2
JEWEL CAVE NATIONAL MONUMENT	1569	2	0	0	0	0	7	0	15	10	7	0	15
MESA VERDE NATIONAL PARK	1498	23	0	18	0	37	0	31	3	60	0	49	3
MOUNT RUSHMORE NATIONAL MONUMENT	1500	5	1	5	0	10	0	10	0	15	1	15	0
NATURAL BRIDGES NATIONAL MONUMENT	1349	4	0	6	2	4	2	2	0	8	2	8	2
PIPE SPRING NATIONAL MONUMENT	1510	2	0	0	0	1	0	0	0	3	0	0	0
ROCKY MOUNTAIN NATIONAL PARK	1520	51	12	14	19	109	57	43	70	160	69	57	89
THEODORE ROOSEVELT NATIONAL PARK	1540	13	1	11	2	16	1	15	4	29	2	26	6
TIMPANOGOS CAVE NATIONAL MONUMENT	1550	3	0	2	0	0	0	0	0	3	0	2	0
WIND CAVE NATIONAL PARK	1560	11	0	6	0	16	6	12	8	27	6	18	8
YELLOWSTONE NATIONAL PARK	1570	208	30	142	111	212	155	125	91	420	185	267	202
ZION NATIONAL PARK	1590	28	0	11	0	8	2	3	5	36	2	14	5
ROCKY MOUNTAIN REGION TOTALS		640	75	342	183	851	346	469	389	1491	421	811	572
SOUTHEAST REGION													
A LINCOLN BIRTHPLACE NATIONAL HISTORIC SITE	5540	3	0	3	0	0	0	0	0	3	0	3	0
ANDREW JOHNSON NATIONAL HISTORIC SITE	5450	1	0	1	0	0	0	0	0	1	0	1	0
BIG CYPRESS NATIONAL PRESERVE	5120	16	8	6	6	19	1	17	1	35	9	23	7
BISCAYNE NATIONAL PARK	5250	5	0	2	3	3	0	0	2	8	0	2	5
BLUE RIDGE PARKWAY	5140	31	0	7	0	11	5	0	6	42	5	7	6
CAPE HATTERAS NATIONAL SEASHORE	5190	16	12	8	11	30	26	4	26	46	38	12	37
CAPE LOOKOUT NATIONAL SEASHORE	5210	3	4	0	6	4	7	0	3	7	11	0	9
CARL SANDBURG HOME NATIONAL HISTORIC SITE	5160	1	1	0	2	0	0	0	0	1	1	0	2

SERVICEWIDE		PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
		TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
CHATTAHOOCHEE RIVER NATIONAL RECREATION AREA	5340	5	0	0	0	1	0	0	16	6	0	0	16
CHICKAMAUGA & CHATTANOOGA NAT'L MILITARY PK	5220	4	0	3	0	1	0	0	0	5	0	3	0
CHRISTIANSTED NATIONAL HISTORIC SITE	5380	3	0	0	0	0	0	0	0	3	0	0	0
COWPENS NATIONAL BATTLEFIELD	5510	3	0	3	0	0	0	0	0	3	0	3	0
CUMBERLAND GAP NATIONAL HISTORICAL PARK	5230	4	0	1	0	1	0	0	0	5	0	1	0
CUMBERLAND ISLAND NATIONAL SEASHORE	5630	10	0	0	0	1	0	0	0	11	0	0	0
EVERGLADES NATIONAL PARK	5280	42	0	0	4	31	0	2	10	73	0	2	14
FORT CAROLINE NATIONAL MEMORIAL	5310	2	0	2	0	0	0	0	0	2	0	2	0
FORT DONELSON NATIONAL MILITARY PARK	5400	1	0	1	0	0	0	0	0	1	0	1	0
FORT FREDERICA NATIONAL MONUMENT	5410	2	0	0	0	0	0	0	0	2	0	0	0
FORT JEFFERSON NATIONAL MONUMENT	5299	8	0	0	0	3	0	0	0	11	0	0	0
FORT MATANZAS NATIONAL MONUMENT	5270	2	0	2	0	0	0	0	0	2	0	2	0
FORT PULASKI NATIONAL MONUMENT	5420	1	0	0	0	0	0	0	0	1	0	0	0
FORT RALEIGH NATIONAL HISTORIC SITE	5185	5	0	0	0	3	0	0	0	8	0	0	0
FORT SUMTER NATIONAL MONUMENT	5430	1	0	1	0	1	0	1	0	2	0	2	0
GREAT SMOKY MOUNTAINS NATIONAL PARK	5460	56	0	27	4	36	0	42	0	92	0	69	4
GUILFORD COURTHOUSE NATIONAL MILITARY PARK	5170	2	0	1	0	0	0	0	0	2	0	1	0
GULF ISLANDS NATIONAL SEASHORE	5320	13	2	0	0	2	0	0	0	15	2	0	0
HORSESHOE BEND NATIONAL MILITARY PARK	5480	3	1	2	1	0	0	0	0	3	1	2	1
KENNESAW MOUNTAIN NATIONAL BATTLEFIELD	5490	3	0	3	0	0	0	0	0	3	0	3	0
KINGS MOUNTAIN NATIONAL MILITARY PARK	5500	4	0	2	0	0	0	0	0	4	0	2	0
MAMMOTH CAVE NATIONAL PARK	5530	12	4	14	0	3	0	0	0	15	4	14	0
MOORES CREEK NATIONAL BATTLEFIELD	5550	2	0	0	0	0	0	0	0	2	0	0	0
NATCHEZ TRACE PARKWAY	5570	36	0	0	0	0	0	0	0	36	0	0	0
OCMULGEE NATIONAL MONUMENT	5620	2	0	1	0	0	0	0	0	2	0	1	0

SERVICEWIDE		PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
		TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
RUSSELL CAVE NATIONAL MONUMENT	5660	2	0	2	0	0	0	0	0	2	0	2	0
SAN JUAN NATIONAL HISTORIC SITE	5330	3	0	3	0	0	0	0	0	3	0	3	0
SHILOH NATIONAL MILITARY PARK	5580	5	2	5	0	1	0	0	0	6	2	5	0
STONES RIVER NATIONAL BATTLEFIELD	5590	3	0	3	0	0	0	0	0	3	0	3	0
VICKSBURG NATIONAL MILITARY PARK	5600	3	1	0	0	0	0	1	1	3	1	1	1
VIRGIN ISLANDS NATIONAL PARK	5360	20	3	18	3	0	0	0	0	20	3	18	3
WRIGHT BROTHERS NATIONAL MEMORIAL	5187	3	0	0	0	1	0	0	0	4	0	0	0
SOUTHEAST REGION TOTALS		341	38	121	40	152	47	67	65	493	85	188	105
SOUTHWEST REGION													
AMISTAD NATIONAL RECREATION AREA	7100	3	3	0	4	0	0	0	0	3	3	0	4
ARKANSAS POST NATIONAL MEMORIAL	7110	2	1	0	2	0	0	0	0	2	1	0	2
AZTEC RUINS NATIONAL MONUMENT	7380	2	1	1	0	0	0	0	0	2	1	1	0
BANDELIER NATIONAL MONUMENT	7120	25	9	2	13	10	11	1	6	35	20	3	19
BIG BEND NATIONAL PARK	7130	97	23	50	36	0	0	0	0	97	23	50	36
BUFFALO NATIONAL RIVER	7150	11	0	2	12	8	0	0	0	19	0	2	12
CANYON DE CHELLY NATIONAL MONUMENT	7390	7	0	0	0	7	3	5	2	14	3	5	2
CAPULIN VOLCANO NATIONAL MONUMENT	7160	3	0	3	4	0	0	0	0	3	0	3	4
CARLSBAD CAVERNS NATIONAL PARK	7170	25	0	21	0	0	0	4	1	25	0	25	1
CHACO CULTURE NATIONAL HISTORICAL PARK	7400	10	5	5	5	9	4	7	5	19	9	12	10
CHICKASAW NATIONAL RECREATION AREA	7510	6	2	3	1	1	1	0	1	7	3	3	2
EL MORRO NATIONAL MONUMENT	7410	6	0	0	0	2	0	0	0	8	0	0	0
FORT DAVIS NATIONAL HISTORIC SITE	7220	3	0	3	0	0	0	0	0	3	0	3	0
FORT UNION NATIONAL MONUMENT	7230	5	0	5	0	2	0	2	0	7	0	7	0

SERVICEWIDE		PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
		TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
GUADALUPE MOUNTAINS NATIONAL PARK	7180	13	0	0	0	8	0	5	0	21	0	5	0
HOT SPRINGS NATIONAL PARK	7300	4	0	2	0	0	0	2	0	4	0	4	0
HUBBELL TRADING POST NATIONAL HISTORIC SITE	7420	8	6	2	6	3	1	0	1	11	7	2	7
LYNDON B. JOHNSON NATIONAL HISTORICAL PARK	7350	7	0	0	0	0	0	0	0	7	0	0	0
NAVAJO NATIONAL MONUMENT	7430	7	0	0	0	2	1	1	1	9	1	1	1
PADRE ISLAND NATIONAL SEASHORE	7490	3	0	0	4	1	0	0	10	4	0	0	14
PEA RIDGE NATIONAL MILITARY PARK	7330	2	0	0	0	0	0	0	0	2	0	0	0
PECOS NATIONAL MONUMENT	7500	0	0	0	0	2	2	0	3	2	2	0	3
SALINAS NATIONAL MONUMENT	7260	3	0	3	0	0	0	0	0	3	0	3	0
SUNSET CRATER NATIONAL MONUMENT	7460	4	0	4	0	4	0	1	0	8	0	5	0
WHITE SAND NATIONAL MONUMENT	7810	3	1	0	1	2	0	0	0	5	1	0	1
WUPATKI NATIONAL MONUMENT	7470	9	0	7	6	10	0	4	0	19	0	11	6
SOUTHWEST REGION TOTALS		268	51	113	94	71	23	32	30	339	74	145	124
WESTERN REGION													
CASA GRANDE NATIONAL MONUMENT	8610	2	1	2	0	4	0	1	0	6	1	3	0
CHANNEL ISLANDS NATIONAL PARK	8120	12	8	5	8	0	3	0	3	12	11	5	11
CHIRICAHUA NATIONAL MONUMENT	8620	8	0	5	1	5	0	2	2	13	0	7	3
CORONADO NATIONAL MEMORIAL	8630	4	0	1	0	0	0	0	0	4	0	1	0
DEATH VALLEY NATIONAL MONUMENT	8130	51	15	25	18	45	34	4	42	96	49	29	60
DEVILS POSTPILE NM	8590	0	0	0	0	5	0	0	0	5	0	0	0
EUGENE O'NEILL NATIONAL HISTORIC SITE	8190	1	0	0	0	0	0	0	0	1	0	0	0
FORT BOWIE NATIONAL HISTORIC SITE	8640	1	0	0	3	0	0	0	0	1	0	0	3
GOLDEN GATE NATIONAL RECREATION AREA	8140	18	0	4	0	0	0	0	0	18	0	4	0

SERVICEWIDE		PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
		TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
GRAND CANYON NATIONAL PARK	8210	228	11	226	49	97	48	44	40	325	59	270	89
GREAT BASIN NATIONAL PARK	8420	12	0	6	7	1	5	0	10	13	5	6	17
HALEAKALA NATIONAL PARK	8290	6	0	2	2	0	0	1	5	6	0	3	7
HAWAII VOLCANOES NATIONAL PARK	8300	32	0	14	10	4	0	0	0	36	0	14	10
JOSHUA TREE NATIONAL MONUMENT	8330	9	0	4	1	6	4	1	15	15	4	5	16
LAKE MEAD NATIONAL RECREATION AREA	8360	47	2	21	22	8	0	3	17	55	2	24	39
LASSEN VOLCANIC NATIONAL PARK	8400	22	0	20	0	41	2	16	2	63	2	36	2
LAVA BEDS NATIONAL MONUMENT	8410	7	0	0	1	11	3	0	5	18	3	0	6
MONTEZUMA CASTLE NATIONAL MONUMENT	8650	4	0	0	0	3	0	0	0	7	0	0	0
ORGAN PIPE CACTUS NATIONAL MONUMENT	8660	8	0	10	0	15	3	0	3	23	3	10	3
PACIFIC AREA OFFICE	8270	2	0	0	0	0	0	0	0	2	0	0	0
PETRIFIED FOREST NATIONAL PARK	8430	43	0	3	3	7	0	6	2	50	0	9	5
PINNACLES NATIONAL MONUMENT	8450	9	5	2	9	3	2	0	4	12	7	2	13
POINT REYES NATIONAL SEASHORE	8530	22	4	4	0	7	3	0	4	29	7	4	4
PU'UHONUA O HONAUNAU NAT'L HISTORICAL PARK	8280	2	0	0	0	0	0	0	0	2	0	0	0
REDWOOD NATIONAL PARK	8480	3	2	3	2	5	0	4	0	8	2	7	2
SAGUARO NATIONAL MONUMENT	8670	6	0	0	0	2	1	0	1	8	1	0	1
SANTA MONICA MOUNTAINS NAT'L RECREATION AREA	8540	7	0	2	2	2	0	1	1	9	0	3	3
SEQUOIA NATIONAL PARK	8550	76	0	3	27	104	35	6	63	180	35	9	90
TONTO NATIONAL MONUMENT	8680	4	0	4	3	0	0	0	0	4	0	4	3
TUMACACORI NATIONAL MONUMENT	8690	3	0	0	0	0	0	0	0	3	0	0	0
TUZIGOOT NATIONAL MONUMENT	8700	3	0	0	0	0	0	0	0	3	0	0	0

		PERMANENT HOUSING				SEASONAL HOUSING				PERMANENT AND SEASONAL			
SERVICEWIDE		TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST	TOTAL NOW	REMOVE	IMPROVE	NEW CONST
MUIR WOODS NATIONAL MONUMENT	8710	4	0	2	0	1	1	0	1	5	1	2	1
WHISKEYTOWN NATIONAL RECREATION AREA	8750	9	1	3	2	3	2	1	0	12	3	4	2
YOSEMITE NATIONAL PARK	8800	304	9	96	70	76	122	58	23	380	131	154	93
WESTERN REGION TOTALS		969	58	467	240	455	268	148	243	1424	326	615	483
GRAND TOTAL SERVICEWIDE		2885	281	1338	691	2174	863	908	1067	5059	1144	2246	1758

15. Question: The request for employee housing, as I noted previously, includes $8 million for construction. Has adequate design work already been completed or will you not be able to use this portion of the request until FY 1991, after the $2 million requested for design work is expended?

Answer: Adequate design work has been done, or will have been done so that this $8 million can be obligated in fiscal year 1990. The separate $2 million design request represents planning for future year housing construction projects.

16. Question: Would you provide for the record obligation and outlay profiles for both the $2 million and the $8 million requested for design and construction respectively?

I recognize that it can be more expensive in the long-run to keep patching up a house that is in need of major repairs than to simply reconstruct or replace the dwelling. Also, decent housing is important to the morale of Service employees who are stationed, often with families, at remote locations.

This will be a tight budget year with the lower Gramm-Rudman ceiling (FY 1990 - $100 million), but I will try to support this important request.

Answer: The plan for the fiscal year 1990 housing initiative program funding, is as follows:

	Fiscal Year 1990	Fiscal Year 1991	Fiscal Year 1992
		($000)	
Planning Portion			
Obligations:	1,800	200	--
Outlays:	1,400	500	100
Construction Portion			
Obligations:	7,500	500	--
Outlays:	4,500	3,000	500

KENNEDY CENTER PARKING GARAGE

You are requesting as much to make repairs to the Kennedy Center parking Garage ($10 million) as you are requesting to repair the entire Park Service housing.

17. Question: Why are repairs to the Kennedy Center garage expected to cost so much?

Answer: The garage design failed to anticipate climatic conditions which would adversely affect the parking structure. The structure should have been viewed as "indoor bridge" subject to the effects of snow, ice, and salt. These factors resulted in

corrosion of the structural steel and breakup of the concrete surfaces. The anticipated repairs will involve removal of all damaged concrete, the cleaning and repainting of the structured steel members and subsequent application of new cement. Depending upon the level of deterioration encountered, the repairs could cost more or less than the current $10 million estimate.

18. Question: What is the basis of the $10 million repair estimate?

Answer: The $10 million repair estimate is based upon preliminary structural evaluations of portions of the garage accomplished by the consulting firm of Rath, Rath and Johnson, Inc. The estimates provided by the consultants have been evaluated and subsequently refined by National Park Service architects and engineers.

19. Question: Are you certain that $10 million is the exact requirement?

Answer: The current estimate of $10 million is based upon the best available information at this time and could change based on our experience as we proceed with the various phases of the project. However, we do not anticipate it to vary significantly from the estimate.

20. Question: I am told that the Park Service did not include this $10 million item in its budget request. Who added these funds to your budget, and why?

Answer: The Administration added this request to the President's budget proposal because of a determination of the immediate need for repairs to the garage.

21. Question: When will the engineering study that the Congress funded last year be complete?

Answer: The full engineering study is scheduled to be complete by May 1990.

22. Question: How can one estimate the funding requirement to repair the Kennedy Center Garage prior to the completion of the engineering study?

Answer: This type of estimate is called a class "C" (lowest level of three estimate types) and is based on the engineer's professional knowledge of costs incurred for comparable types of construction. A class "B" estimate, which is based upon preliminary engineering documents, will be available by August 1989, and the class "A" estimate, which is the Government's final estimate of actual construction cost, will be available by May 1990.

23. Question: Is the entire $10 million needed for obligation and expenditure in FY 1990?

Answer: The entire $10 million may be obligated in fiscal year 1990. The current class "C" estimate for anticipated construction and engineering outlays in fiscal year 1990 is approximately $1.2 million.

24. Question: Would you provide for the record estimated obligation and outlay profiles for the request?

Answer: A possible estimated obligation and outlay profile for the request is as follows:

	Fiscal Year 1990	Fiscal Year 1991	Fiscal Year 1992	Fiscal Year 1993
		($000)		
Obligations.....	10,000	--	--	--
Outlays.....	1,200	5,575	2,925	300

25. Question: Well, if these repairs are needed, perhaps some smaller amount of money will be adequate to initiate this work--how much would you estimate is the minimum requirement in FY 1990?

Answer: Approximately $4.0 million is necessary in the fiscal year 1990 budget authority to commence construction and facilitate needed engineering services.

ALASKA OIL SPILL

I understand that oil from the tanker Exxon Valdez may be reaching to the shores of Kenai Fjords National Park even as we speak.

26. Question: What immediate and long-term threats does this oil spill pose to the park?

Answer: Oil has not only impacted the coastline and resources (both natural and cultural) of Kenai Fjords National Park but also of Katmai National Park and Preserve. Threats still exist, depending on how the oil continues to move due to currents and weather, to Lake Clark National Park, Aniakchak National Monument and, possibly later, to the Yakutat district of Wrangell-St. Elias National Park and to Glacier Bay National Park. A summary of oceanographic impact information from the University of Alaska-Fairbanks, follows.

The entire Region functions as a complex system with interconnecting processes throughout. Immediate effects of oil result from the lighter carbon compounds dissolving in the air and various hydrocarbons being distributed on the surface of the water and through the water column. Other effects take slightly longer--sea otters and sea birds become oil-coated and die in days.

Within a couple of weeks effects are noted in plankton and fish; in 1 to 2 months, the intertidal zone shows effects. As migratory birds arrive and begin nesting, they encounter oil on the water, shores and in their food. Marine mammals such as whales, porpoises and sea lions accumulate oil compounds in their bodies and sea otters on their fur. Bears, eagles, river otter, deer and other animals that feed in or near the intertidal zone will show impacts in varying timeframes.

Impacts on individual animals are felt fairly soon. Impacts to populations and systems take longer to become evident and last longer. While individual animals may be able to survive oil in their immediate environment, the effects of oil in later generations may well result in smaller, weaker young, lack of reproductive success or even sterility. The composition of the animal and plant communities affected will also change in time as species that cannot tolerate oiled conditions die off and open niches for other species.

Perhaps the most profound loss to the people of the United States is the value of pristine ecosystems to science. An infinitesimal fraction of the amount of oil spilled, tainting the waters, sediments and shores of these national parklands--and all that moves through, feeds in or finds shelter in them--immeasurably impairs their value as benchmarks against which to gauge changes in other, theoretically less protected areas.

27. Question: Has the Service taken any specific action to minimize these threats?

Answer: National Park Service involvement began shortly after the actual spill when containment efforts were unsuccessful and it was certain, given prevailing weather and water movement conditions, the oil posed a direct threat to coastal resources. Of immediate concern were those national park coastal areas along the most likely projected routes of the oil as it moved out of Prince William Sound--in order of anticipated "landfall": Kenai Fjords, Katmai, Lake Clark, Aniakchak, Wrangell-St. Elias and Glacier Bay.

Given the mix of parties involved in the oil spill and available staffing in the parks, the National Park Service activated an interagency (Federal) Incident Command Team (ICT), based in Seward, Alaska. The team was directed by a multiagency coordinating committee (MAC) consisting of local, State and Federal representatives, including the Coast Guard, Exxon and Exxon's cleanup contractor, VECO. The ICT has been using Government-owned and chartered aircraft and vessels staffed with a variety of Federal, State and university specialists. These specialty teams are surveying coastal areas for concentrations of fish, wildlife and other resources that could be protected through containment booms or other methods, sampling water for use in post-spill comparisons, monitoring the constantly changing location and nature of the oil and, on a few occasions, assisting in boom deployment.

As the leading edge of the oil moved southwest, the ICT expanded its operations to Homer, Kenai and Kodiak, providing similar services for the coastal areas of Lake Clark, Katmai and Aniakchak. National Park Service staff and other resource personnel remain active in intelligence gathering and injury assessment work involving the national parkland resources impacted by the oil.

28. Question: Are there apt to be significant, unbudgeted costs associated with your response to this oil spill?

Answer: The cost of virtually the entire range of activities by National Park Service to date is unbudgeted. As of April 24, the National Park Service had incurred obligations estimated at $1.6 million, and the activities generating these costs continue (albeit at a reduced level from that of early April). This amount represents both direct costs incurred by the National Park Service and the indirect cost of utilizing the services of other Federal and State personnel.

29. Question: Would you keep the Committee fully and currently informed of your plans regarding the spill and any costs associated with various possible response options?

Answer: Yes. The National Park Service, in coordination with the Department of the Interior and other Federal agencies, is documenting the scope of damage and costs associated with responding to the spill. At this time, the ultimate funding source and level of effort in response to the spill is uncertain. As more information becomes known, the Department will share the information with the Committee.

QUESTIONS SUBMITTED BY SENATOR J. BENNETT JOHNSTON

JEAN LAFITTE NATIONAL HISTORICAL PARK AND PRESERVE

1. Question: Each year, I request additional funding for operation of Jean Lafitte National Historical Park and Preserve, with the intent that these funds would be added to the park's base funding. However, this funding does not show up in the base, thus requiring Congress to add it each year and prohibiting the Service from hiring full-time permanent employees. For example, $212,000 was included in the FY 1988 appropriations bill. It was deleted in the Administration's request for FY 1989. Congress included $315,000 in the FY 1989 appropriations bill. Again, this funding was not included in the Administration's FY 1990 budget request. Was this funding included in the Service's request to the Department? Was it included in the Department's request to OMB? If not in either instance, why not?

Answer: The congressional add-on of $315,000 for Jean Lafitte National Historical Park and Preserve was not requested to be continued at any point in the 1990 budget process. At the beginning of the formulation process, a policy decision was made to exclude from consideration the continuation of all congressional add-ons. However, operational increases totaling $41.7 million are

included in the fiscal year 1990 President's Budget and of that amount Jean Lafitte is proposed to receive an operating increase of $107,600 in fiscal year 1990. The net effect of these actions on Jean Lafitte is an overall decrease of $207,400 from the fiscal year 1989 enacted level.

2a. Question: The FY 1989 appropriations bill contained funding to upgrade facilities and exhibits at the Chalmette Unit of Jean Lafitte National Historical Park and Preserve as it prepares for the 175th anniversary of the Battle of New Orleans. What is the status of these projects?

Answer: The Chalmette Battlefield Unit projects which include a cultural landscape study and followup corrective action are in progress to identify and delineate the 1815 swamp border; the planning for construction of pulloffs for several new wayside exhibits, including the provision for handicapped access at British tour stop number five and completion of archeological studies for the planned rampart correction are also underway.

2b. Question: What activities are being planned by the Park Service to commemorate the event?

Answer: Planned commemorative activities include living history demonstrations with a 500-person encampment, period craft demonstrations, special tours of battlefield-related sites in the New Orleans area, and visits by American and British ships. President Bush and Prince Charles have been invited to attend.

3. Question: $75,000 was included in Public Law 100-71 (FY 1987 Urgent Supplemental Appropriations Bill) for the Park Service to conduct an interpretive study of the New Orleans Waterfront. I understand this study was completed in late 1988. Does the Park Service intend to solicit comments on the alternatives described in the study? If so, what will be the forum and schedule for soliciting such comments? If not, why not?

Answer: The public has been invited to comment on alternatives outlined in the National Park Service study of the New Orleans Riverfront. Approximately 225 copies of the study were circulated for public comment in October 1988. Comments on this study are being reviewed and will be considered in the preparation of an amendment to the General Management Plan (GMP) addressing the French Quarter. We hope to begin work on this GMP amendment late in 1989. Additional opportunities for public involvement will be provided before the amendment is approved, probably next year. A detailed schedule for the plan amendment will depend on the availability of funds.

4. Question: Please provide me with visitation figures for Jean Lafitte for the previous two years, broken down by year and park unit.

Answer: Visitation for Jean Lafitte National Park and Preserve is as follows:

	Barataria	Chalmette	French Quarter	Acadian Centers	Total
1987	820,616	475,079	107,970	19,826	1,423,491
1988	713,840	482,873	136,724	42,758	1,376,195

Visitation dropped in 1988 due to poor weather conditions at peak visitor periods. Visitor counts during the first 3 months of 1989 have risen.

5a. Question: Please provide me with information on potential future land acquisitions at Jean Lafitte. Specifically, I would like to know the acreage, ownership and estimated acquisition cost of any inholding the Service would like to acquire in the Barataria Unit.

Answer: In the Core Area of the Barataria Unit, there are eight tracts to be acquired. Seven of those tracts, totaling 552.48 acres, will be acquired by condemnation. Complaints in condemnation for these seven tracts were filed in United States District Court, Eastern District in Louisiana, on November 4, 1988. Funds in the amount of $517,900 were obligated to complete these acquisitions. The remaining tract, containing 185.78 acres, owned by the Jefferson Parish School District, can only be acquired by donation. Acquisition of the eight tracts would complete acquisition of the Core Area of the Barataria Unit, Jean Lafitte National Historical Park and Preserve.

In the Park Protection Zone of the Barataria Unit, no land acquisition is contemplated north of the Millaudon Canal. South of the Millaudon Canal, there are three publicly-owned tracts totaling 601.92 acres. These tracts can only be acquired by donation. There are nine privately-owned tracts totaling 1,530.97 acres currently under negotiation. The estimated cost of acquiring these nine tracts is $1,168,880.

There are five other tracts south of the Millaudon Canal totaling 712.42 acres and estimated to cost $572,256. Acquisition of these tracts is deferred pending the final decision of the Corps of Engineers for the Hurricane Levee alignment.

5b. Question: Is the Service currently negotiating with any of the current land owners?

Answer: Yes. The Service is negotiating with the owners of nine privately-owned tracts in the Park Protection Zone.

5c. Question: Is the Service currently pursuing any land acquisition possibilities at Big Oak Island? Please advise.

Answer: The National Park Service has been unable to negotiate a cooperative agreement with the new owners of Big Oak Island. In order to provide the necessary protection, it has been determined that Big Oak Island will be acquired in fee. Big Oak Island is a 12-acre tract with an estimated cost of $65,000.

6a. Question: Please provide me with the schedule for renovation of Acadian House?

Answer: The final scope of work for renovation of 419 Decatur Street (Acadian House) is scheduled to be completed by the National Park Service by June 1989, including a construction timetable, cost analysis, engineering reports, office layout and compliance for safety, accessibility and historic preservation.

6b. Question: When will the park move its administrative headquarters to this facility?

Answer: We anticipate relocation of administrative offices by October 1989.

6c. Question: When will the French Quarter visitor center portion of the building be complete.

Answer: We anticipate completion of design/construction of exhibits for the French Quarter Folklife and Visitor Center the latter part of 1990. Visitor information services will be available from rangers at the building beginning May 1989.

6d. Question: What other activities/services do you intend to locate at Acadian House?

Answer: The administrative headquarters and the French Quarter Folklife and Visitor Center will be located at Acadian House.

7. Question: Is the park currently engaging in or does it intend to engage in any activities that would interpret the musical culture of the Delta Region, including living jazz traditions in the New Orleans vicinity. Please describe your activities or planned activities in this area.

Answer: The park currently features live jazz with interpretation approximately six times a year as part of the bi-monthly folklife performances in the French Quarter Folklife and Visitor Center. The park has cosponsored a weekend activity "Jazzin' in the Park" and sponsored a live jazz radio program "Live from 'Treme' Neighborhood." In addition, the park is planning jazz workshops for youngsters.

POVERTY POINT NATIONAL MONUMENT

8a. Question: Last year, Congress enacted legislation creating the Poverty Point National Monument in Louisiana. What is the Park Service's schedule for completing the required management plan? What is the anticipated cost of preparing the management plan?

Answer: Work on the General Management Plan will begin in fiscal year 1990 if the President's budget proposal is enacted, and is estimated for completion by fiscal year 1991. A total of $250,000 is the estimated cost to prepare the General Management Plan.

8b. Question: When does the Park Service intend to actually acquire Poverty Point from the State?

Answer: An activation meeting in Santa Fe, New Mexico, in January was attended by representatives of the State park system and Representative Jerry Huckaby's Office. The Office of State Parks agreed to initiate the process of transferring the State park to the Service this year.

8c. Question: What is your anticipated budget for operating Poverty Point?

Answer: Based on the interim plan recently prepared by the Southwest Regional Office, we estimate that a total first-year budget would be $718,000.

8d. Question: What is your schedule for hiring FTE's?

Answer: Hiring of personnel for the park would begin when the park becomes operational.

8e. Question: Do you anticipate any construction or improvement projects (i.e., visitor center, administrative or maintenance facilities, etc.) at Poverty Point? If so, what is your timeframe for these projects and what is their anticipated cost?

Answer: The interim plan identified possible capital improvements and studies, as follows:

	$000
Oxidation Pond To Replace Inadequate Sewage Treatment Facility	$275
Erosion Control Study	30
Removal Of Hazardous Mound Stairway	5
Complete Boundary Fence	20
Total	330

A complete plan for developments will be included in the General Management Plan which is to be completed for the park in fiscal year 1991.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

HISTORIC PRESERVATION

1. Question: A 1988 survey of State Historic Preservation Officers indicated a need of at least $2.6 billion nationwide to fund specific historic preservation costs.

Given this high level of well-documented need, and the inability of private resources to adequately meet it, do you support the Administration's request for zero funding in fiscal year 1990 for the Historic Preservation Fund (HPF)? If not, from where are you proposing that the States raise the funds?

Answer: For fiscal year 1989, $30.5 million was appropriated. Of this amount, $24.75 million was designated for survey and planning grants to States and Territories, and $4.75 million was designated for the National Trust. By law, 10 percent of the funds awarded to States must be subgranted to Certified Local Governments. In addition, $1 million was earmarked for a Bicentennial Lighthouse Program of survey, planning and development grants. Funds are utilized by the States for the survey and evaluation of resources, nomination of properties to the National Register, educational programs, and rehabilitation of properties in deteriorating neighborhoods and commercial areas.

However, given the need to meet legislative budget targets and care for resources of the National Park System, this program has been determined to be of a lower priority.

If no funds were appropriated for Historic Preservation Grants, rehabilitation needs could be met through a variety of sources. Of $2.1 billion in potential rehabilitation projects identified by States, $305 million would be for properties eligible for the investment tax credits. Another $260 million would be for privately owned properties ineligible for the tax incentives. However, Bureau of Census data reveal that private property owners spend substantial amounts, about $14 billion in 1986, to maintain and improve older residential properties. While there are no precise data about amounts spent, a significant amount of these maintenance and improvement funds is used on properties listed in, or potentially eligible for, the National Register. The National Park Service is studying methods to provide technical information to these owners to encourage rehabilitations.

Many States have created assistance programs to meet acquisition and development needs. Through a variety of tax benefits, revolving funds, grant programs and low interest loans, States currently disburse about $34 million annually. These programs leverage high levels of municipal and private investment relative to their outlay of State funds.

2. Question: The furor raised over the Manassas Battlefield gave rise to an interesting question concerning the future of many parks and historic sites across America.

Does the National Park Service budget for FY '90 have funds that are especially earmarked for planning that will help avoid future situations like Manassas? If not, is this because the Service does not believe that a problem exists?

Answer: The National Park Service budget does not have one account or program with funds that are earmarked specifically for planning to address issues such as the proposed development adjacent to Manassas National Battlefield Park. The Service recognizes a serious problem facing units throughout the Park System as units are threatened by changing uses of land outside of park boundaries. Work to address these issues involves the ongoing activities of several different programs including natural and cultural resources management, planning and development, and operations, and the review and updating of Park Land Protection Plans.

We believe that the potential for situations similar to the recent events at Manassas may exist in other park units. While the resolution of the Manassas situation assisted in protection of the park, it was not the result of long-range planning, nor was the solution a particularly viable one in an era of tight fiscal constraint. More innovative and cost effective approaches must be sought for these situations.

In fiscal year 1990, the National Park Service will be testing planning approaches to solve these problems at an "early" planning stage. Working with State and local agencies and with the private sector, we will be analyzing solutions which have proven effective elsewhere such as scenic easements, transfer of development rights, land exchange, or development of Programmatic Agreements. From this, the Service hopes to develop a number of approaches or models to be employed before a situation like the one at Manassas develops.

Also, a training program is being developed for trial in fiscal year 1990 on approaches for Park Superintendents to use in anticipating and solving situations similar to Manassas at an early planning stage. In future years we hope to be able to develop cooperative strategies to address pressures of changing land use patterns adjacent to national parks.

3. Question: In its 1988 study Landmarks at Risk, the National Park Service surveyed 35 national historic landmarks indepth and found a total restoration need of over $14.5 million.

Does the NPS budget for FY '90 have funds that are designed to meet this need that has been identified by the Park Service itself? If not, where does the Service intend to find the money to fill this need?

Answer: The National Park Service provides technical assistance to owners of National Historic Landmarks for the purpose of preserving and protecting their nationally significant resources. One form of assistance has been the "condition assessment report" which identifies character-defining features of the landmark, assesses its physical condition, and provides recommendations, with cost estimates, for needed stabilization, preservation, or rehabilitation work. To date, approximately 45 such reports have been prepared.

No separate funds are available to pay for the work identified in these reports. In a time of large Federal deficits, the Service believes that the allocation of available funds for the protection of resources within the units of the National Park System is of greater importance than the restoration of non-Federal properties with Federal funds.

Some landmark owners have been successful in identifying private sources of capital to undertake the needed work; one such example is Ashland, Henry Clay's house, in Kentucky.

4. Question: Within your jurisdiction falls the historic building rehab certification program of the National Park Service, one of the most promising tax programs of the 80's. Time Magazine

had a fine cover story on November 23, 1987, on "Bringing the City Back to Life" where the results of this program are pictorially depicted by projects throughout the nation in towns of all sizes. Significantly, the tax credits have been used frequently to create housing units, many of them for low-income tenants.

Will the NPS work to ensure that the credit remains viable as a tool for small towns and large cities alike to reuse their old buildings for housing and other needs, including support for needed tax law change?

Answer: Yes. The Department of the Interior has consistently supported the preservation Tax Incentives program throughout its 13-year history. The last three Secretaries of the Interior have been actively involved to ensure that preservation tax incentives remain in the Internal Revenue Code. While Secretary Lujan has not, as yet, taken a formal position on the Community Revitalization Tax Act currently pending in Congress, he supports programs that stimulate private investment in historic preservation.

5. Question: The "state" of the cultural resources of our nation is, in large part, the responsibility of the NPS. As we move into a decade where growth pressure accelerates decisions about the protection of our endangered cultural resources, can you share with us the Administration's plans for cultural resource protection?

Answer: In developing the 1988 Historic Preservation Needs Assessment, nine broad national program goals were identified to address the need to protect significant elements of our national heritage. Within the constraints of current and future budgets, these goals are to:

- expand activities to identify cultural resources;
- improve the quality and accessibility of survey and inventory information;
- increase the protection afforded to major cultural resources of Federal, State, and local significance;
- provide Federal agencies with stronger administrative tools to protect historic properties;
- develop new or improved techniques to protect archeological properties and data;
- stimulate expanded financial assistance capability throughout the preservation partnership;
- improve public awareness of preservation issues;
- adapt new technologies to preservation; and
- cooperate in international preservation activities.

6. Question: It has been said in the past, by the previous Administration, that the Historic Preservation Fund must be cut to zero in order to meet Gramm-Rudman budget targets. However, is it not true that the Historic Preservation Fund has an unappropriated balance of over $1 billion comprised of a decade of deposits of cash receipts from oil companies leasing the right to drill on the Outercontinental Shelf? Clearly, these revenues are not being used to help save America's threatened historic sites even though, by law, section 108 of the National Historic Preservation Act states: "Such monies shall be used only to carry out the purposes

of this Act..." Can you please tell me what has been happening to the great majority of these oil leasing receipts in the decade of the 1980's?

Answer: Current balances in the Historic Preservation Fund do not comprise cash. The balances shown are amounts authorized for appropriation—in effect, bookkeeping entries. If the balances are appropriated, there is a direct effect on the deficit. These receipts also go into the Land and Water Conservation Fund. About $150 to $300 million per year has been appropriated to land acquisition. The remainder has been used to offset the deficit.

7. Question: Mr. Mott, if the FY 90 HPF appropriation stays at the Administration's recommended level of zero, how many FTE's in the National Park Service would be unnecessary since no State preservation program would exist to be administered? How many FTE's in the National Park Service are devoted to the administration of the national preservation program?

Answer: No positions are scheduled to be eliminated at this time. The fiscal year 1990 budget requests 19 FTE's and $1,176,000 for expenses of present staff to conduct the closeout of prior year grants in a manner that protects the Federal Government's interests. Closeout work involves, for example, processing grant amendments and final payments, resolving audit and recovering audit disallowed costs, and transferring property purchased with grant funds. Since spendout of fiscal year 1989 grants will not be completed by States until fiscal 1991 and 1992, no immediate staff reductions can be taken.

If grants ceased, there would still be a Federal review function. States would continue, voluntarily, a number of activities authorized by the National Historic Preservation Act because of their inherent benefit. Activities expected to continue would include reviews and recommendations involving the preservation tax incentives; preservation planning to minimize delays in Federal and State construction projects; review and compliance to help avoid or mitigate damage to historical and archeological resources; and the Certified Local Government program for which States will have awarded about $2 million by the end of this fiscal year.

APPALACHIAN NATIONAL SCENIC TRAIL

1. Question: Do you intend to reevaluate the easement and Finding of No Significant Impact announced on January 24, 1989, regarding the Appalachian Trail and the Killington Ski Area in Vermont?

Answer: We are currently reviewing the matter within the Department and expect to reach a decision in the near future.

2. Question: Do you believe the easement provides sufficient protection for the Trail?

Answer: The Appalachian Trail passes through a wide variety of lands and adjacent land uses in its 2,100-mile trek from Maine to Georgia. In its Appalachian Trail protection program, the National Park Service has on a regular basis had to make decisions on individual situations as to what constitutes adequate

protection. While a higher level of protection might have been desirable, the negotiations with Killington were extremely difficult. The National Park Service determined that in this situation, sufficient protection was being afforded the Trail.

3. Question: What is the potential impact of the precedent of allowing new ski area development within the Trail corridor?

Answer: The Trail can coexist with a variety of land uses. Uses allowed to date have included farming, grazing and other agricultural pursuits, reserved uses of existing structures, and timber harvesting under approved harvesting plans. In some instances where National Park Service acquisition has severed properties, restricted access rights have been reserved.

4. Question: Can you demonstrate, in light of this case, that the National Trails System Act has been consistently applied in Vermont?

Answer: The Appalachian Trail protection program involves a variety of potential uses. Each individual case is evaluated on its own merit to determine the acceptability of proposed reserved uses. The National Park Service has been flexible in making these judgments and, it is believed, consistent not only in Vermont but in the other States through which the Trail passes.

5. Question: Does this easement truly reflect the best professional judgment of Park Service officials directly involved in the easement negotiations?

Answer: It is a matter of record that the former National Park Service Project Manager for the Appalachian Trail negotiated and agreed to the 1983 Grant of Easement. The easement was acquired by the National Park Service on September 24, 1983. After considerable adverse public reaction to the easement agreement and a determination that the action had involved insufficient compliance with the National Environmental Policy Act, Killington was asked to make certain changes to the easement agreement. Killington agreed to the changes and the Project Manager, in the form of a supplemental environmental assessment, presented the modified easement agreement to the public on January 11, 1985.

After further deliberation, the National Park Service at the field level expressed, in an August 1985 report, concern that the easement agreement allowing the reserved rights that are the current subject of controversy would be inappropriate. Notwithstanding this, it was determined that the reserved uses with the mitigation measures negotiated by the Project Manager afforded sufficient protection for the Trail and was consistent with the congressional mandate of the National Trails System Act. Basically, the Service concluded that the modified easement agreement provided greater protection for the Trail than the easement purchased in 1983 and continued to appropriately recognize the rights of adjacent property owners and their existing uses of the area.

6. Question: Are you prepared to provide a full public accounting of the process and conclusion surrounding this agreement?

Answer: Once we complete our review of the background of the decision, we would be in position to provide an explanation of the process and conclusion.

QUESTIONS SUBMITTED BY SENATOR BROCK ADAMS

LAND ACQUISITION-CYPRESS ISLAND

1. Question: I understand that Washington State is interested in acquiring Cypress Island, the last large undeveloped island in the San Juan archipelago. I also understand the island is being threatened by a major development for a destination resort. Could a portion of the State share of the Land and Water Conservation fund be used in a partnership effort to save this area?

Answer: A portion of the State share of the Land and Water Conservation Fund apportionment could be used to acquire areas still in private ownership. This proposed project would have to be prioritized and compete with other potential projects in the State. Funding through the State side of the Land and Water Conservation Fund has been limited in recent years, and only about $325,000 has been available annually for the State of Washington.

2. Question: What historical precedent is there for the Federal Government to assist the State in acquiring property such as this natural area?

Answer: Cypress Island is near the Ebey's Landing National Historical Reserve, a unit of the National Park System, on Whidbey Island. The National Park Service has a cooperative agreement with a local Trust Board for daily administration and management of the Reserve. Keystone Spit, included within the boundaries of the Reserve and formerly in private ownership, was recently purchased by the Service and transferred to the Washington State Parks and Recreation Commission in exchange for title to State owned tidelands inside the boundary of Olympic National Park. This land exchange assisted the State and benefitted both Ebey's Landing National Historic Reserve and Olympic National Park.

3. What has the State done to aid with the purchase of Cypress Island?

Answer: The State of Washington has owned approximately 900 acres on the island for some time, and under the Natural Resources Conservation Area Law, designated Cypress Island a Natural Reserve Conservation Area. Using this authority, the Commissioner of Public Lands announced on April 18, 1989, that the State had purchased 3,200 acres held by a private developer.

4. Question: Would it be appropriate to expedite the National Park Service planning process in this case?

Answer: A study of potential geological landmarks of the North Pacific Border Province, prepared for the National Park Service in 1978 by the Western Washington University, recommended keeping this island in a protected natural state since it had

"superlative park potential." The island was identified in the 1970 Bureau of Outdoor Recreation's "Islands of America" study as having national significance. It is not clear how the National Park Service would participate in further planning activities involving Cypress Island. Planning funds requested in our fiscal year 1990 budget will be needed for currently authorized units of the Service.

MARITIME CENTER

5. Question: The Maritime Center, an interpretive center planned for Seattle's waterfront, has passed through the preliminary stages and requires funding to move on to the next phase. I believe that this project will be a significant addition to the understanding and preservation of the Nation's maritime history. The project will be developed and managed through a partnership arrangement between the Board of the Maritime Center, the Port of Seattle, the University of Washington, the Washington Department of Natural Resources, the city of Seattle and the National Park Service. This year the Center planners would like $250,000 for the Park Service to complete the next step, the development of a Comprehensive Plan. Mr. Odegaard, would you please describe what role the Park Service would play in this project, how the project fits into the Park Service mission and any other similar maritime heritage projects in the United States.

Answer: The National Park Service has an interest in the preservation and interpretation of the nation's maritime heritage. Similar National Park Service facilities, which are exclusively maritime in character, include the Charlestown Navy Shipyard where the U.S.S. Constitution is moored in Boston, and the National Maritime Museum in San Francisco. In the mid-1980's the National Maritime Initiative was undertaken by the National Park Service to broaden national attention to the issue of ship preservation.

Based on our understanding, The Maritime Center (TMC) would be developed and managed by a partnership-type arrangement among a number of organizations, including the Board of TMC, Port of Seattle, University of Washington, Washington Department of Natural Resources, city of Seattle, and the National Park Service. The precise role of the Service would be determined as part of the development of the comprehensive plan. Possible roles for the Service include operation of an information center within TMC and the provision of technical expertise for exhibit development. No funding is requested in the fiscal year 1990 President's Budget for for this project, given the competing activities of the National Park Service.

Two reasons have been given for National Park Service participation in the new Maritime Center. First, the Klondike Gold Rush National Historical Park in Seattle has a strong maritime component. It would benefit the Klondike Museum to have close and complementary programs about these related issues.

The National Park Service has been a leader in the development of innovative educational and interpretive programs for both units of the National Park System and areas run by other entities. The Maritime Center project would benefit if some of the National Park Service expertise in interpretation techniques would be built into the project from the outset.

QUESTIONS SUBMITTED BY SENATOR DENNIS DeCONCINI

PARK SERVICE ORGANIZATION

Director Mott, as you know, Arizona is under the jurisdiction of three Park Service Regions, the Rocky Mountain, Western and Southwest. Furthermore, in some regions throughout the country, there appears to be no geographic commonality. For example, the National Park Service units in Louisiana are under the jurisdiction of the Southwest Region out of Santa Fe.

1. Question: How did the Park Service determine the boundaries for the various regions?

Answer: On June 17, 1971, then Interior Secretary Rogers B. Morton issued Secretarial Order 2944 to establish a common Regional boundary pattern for the Department of the Interior in conformance with the 10 Region-organization established by President Nixon in 1969. A lesser number of Regions than 10 could be justified provided that the boundaries were consistent with the 10 Region-pattern established. The National Park Service complied with the Order on November 15, 1971, by establishing six (6) Regions with boundaries consistent with those prescribed in the Secretarial Order. They were:

Northeast - Philadelphia, Pennsylvania
(Maine, New Hampshire, Vermont, Connecticut, Massachusetts, Rhode Island, Pennsylvania, New York, New Jersey, Virginia, Delaware, Maryland, Ohio, Illinois, Indiana, Michigan, Wisconsin, Minnesota)

Southeast - Atlanta, Georgia
(Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Florida, Puerto Rico, Virgin Islands)

Southwest - Santa Fe, New Mexico
(New Mexico, Texas, Louisiana, Oklahoma, Arkansas)

Midwest - Omaha, Nebraska
(Missouri, Kansas, Nebraska, Iowa, Colorado, Utah, Wyoming, Montana, North Dakota, South Dakota)

Western - San Francisco, California
(California, Nevada, Arizona, Hawaii)

Pacific Northwest - Seattle, Washington
(Idaho, Oregon, Washington, Alaska)

These Regions remained until January 1974 when then Director Ronald Walker announced the realignment of Regional boundaries and the addition of two (2) new Regions as a further step toward the creation of standard Federal regions. They were:

North Atlantic	- Boston, Massachusetts (Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey)
Mid-Atlantic	- Philadelphia, Pennsylvania (Pennsylvania, Maryland, West Virginia, Delaware, Virginia)
Southeast	- Atlanta, Georgia (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Puerto Rico, Virgin Islands
Midwest	- Omaha, Nebraska (Ohio, Indiana, Michigan, Wisconsin, Illinois, Missouri, Nebraska, Kansas)
Rocky Mountain	- Denver, Colorado (Montana, North Dakota, South Dakota, Wyoming, Utah, Colorado)
Southwest	- Santa Fe, New Mexico (Arkansas, Louisiana, New Mexico, Oklahoma, Texas)
Western	- San Francisco, California (Arizona, California, Nevada, Hawaii)
Pacific Northwest	- Seattle, Washington (Alaska, Idaho, Oregon, Washington)

On January 3, 1980, the State of Alaska was separated from the Pacific Northwest Region in response to former President Carter's signing of the Alaska legislation. Basically, the National Park Service is aligned in accordance with approved deviations to OMB circular A-105. There are a few anomalies; National Capital Region administers those areas contiguous to Washington, D.C. There are some parks in Arizona that are culturally and geographically aligned for management reasons, (i.e. Glen Canyon National Recreation Area, although headquartered in Page, Arizona, is largely in Utah and thus is under the aegis of the Rocky Mountain Region). The parks in the Virgin Islands and Puerto Rico are administered by the Southeast Region rather than the North Atlantic Region as A-105 stipulates.

2. Question: Has the Park Service looked at the possibility of realigning regional boundaries to better reflect geographic and eco-system commonalities? If so, what were your findings?

Answer: In 1987, the National Park Service formed a task force to look at ways to provide a more economical, streamlined organization. The Task Force Report contains a subcommittee section dealing with Regional boundaries. Items considered were:

1. Relocation savings from management and organizational improvement to field units.

2. Savings derived from span of control, staffing ratios and workload balance.

3. Payback for a minimum of 2 years for the cost of restructuring of boundaries and the change of Washington Office functional adjustments.

The task force subcommittee recommended that certain Regional boundary realignments could be made that would improve the Service's organization based on geographic, cultural and ecosystem factors. These recommendations involved not only Arizona but also changes in seven other Regional configurations. The underlying assumption of the subcommittee was that none of the realignments should be adopted independently without the adoption of the others. The implementation of the recommendations by the subcommittee remains as an issue to be considered by the new National Park Service Director and Administration.

3. Question: Has a cost-benefit analysis been undertaken that looks at the costs of implementing such a realignment and the possible savings that may be realized? If so, please provide me with this information.

Answer: No cost-benefit analysis has been undertaken with regard to any specific reorganization.

4. Question: Would you not agree that it makes some sense for the Park Service units in Arizona to be under the jurisdiction of one regional superintendent, or two at the most.

Answer: There are clear advantages to having an entire State under the jurisdiction of one Regional Director. It would simplify dealings with the National Park Service for officials at the State level, Federal officials of other agencies and Congress. There are factors which still must be considered and have influenced the original decision to align the boundary as it is today. These include but are not limited to:

1. Proximity of the park units to each other and to bordering States.

2. Similarities in park purpose, resources, and visitation patterns and demographics.

3. Workload equalization between Regional office staffs.

4. The affects of change in the existing organizational structure.

5. Question: What are the functions of the Denver Service Center and how do they differ from the functions of a regional office?

Answer: In 1969, it was determined that in order to provide efficient, economical, professional design and construction services to park units, two service centers be established--one in Washington, D.C., for the eastern parks and the other in San Francisco for the western parks.

In order to further provide a responsive organization, effective November 15, 1971, those two centers were consolidated in the Denver suburb of Lakewood, Colorado.

The function of the Denver Service Center was and continues to be the provider of professional support services to the parks. Personnel at the Denver Service Center have a wide mix of technical skills. Service Center management draws from this pool of expertise to carry out the planning and construction projects funded annually by Congress. No single Region would have sufficient workload or a continuous basis to warrent a permanent planning, design, and engineering staff.

Regional offices provide direct management and administrative support and oversight of park operations. Regional offices are staffed with some technical experts to meet the recurring workload requirements of the parks in the Region.

SOUTHERN ARIZONA GROUP OFFICE

6. Question: What are the functions of the Southern Arizona Group Office?

Answer: This office provides support and assistance to 11 Southern Arizona National Park Service areas: Casa Grande National Monument, Chiricahua National Monument, Coronado National Memorial, Organ Pipe Cactus National Monument, Saguaro National Monument, Tonto National Monument, Montezuma Castle National Monument, Tuzigoot National Monument, Tumacacori National Monument, Fort Bowie National Historic Site, and Walnut Canyon National Monument. The Group Office provides specialist assistance in personnel management, warranted contracting authority, resources management, law enforcement, visitor safety, interpretation, facility design, maintenance/ruins stabilization, and provides information and contact for the public in the Phoenix metropolitan area.

The office processes 1,500 purchase orders and 450 personnel actions annually for the parks. Specialists conduct training and audit operations of financial management, procurement and property management, personnel management and prepare plans, drawings, environmental assessments, research requirements, fire plans, emergency plans, as well as review such plans and documents prepared by others.

The Southern Arizona Group Office also serves as a coordination center for all National Park System areas in Arizona in interaction with the U.S. Forest Service, U.S. Fish and Wildlife Service Arizona parks, and numerous Federal, State and other agencies, universities or interested parties.

The Group Office serves as a central location providing information and assistance to the public concerning the 22 National Park System areas in Arizona. The office receives approximately 18,000 telephone inquiries, 6,800 written requests, 3,100 visitors and processes 2,500 campsite reservations annually. The interpretive staff is involved in an outreach program to civic groups, church memberships and school groups to "bring the parks to Phoenix and the surrounding areas" through lectures, slide programs, exhibits and other means. This program is being planned to expand in the fall of 1989 and includes Tucson and Flagstaff through the organization and training of Volunteers-In-Parks in those areas.

Located in the capital of the State, the office offers the National Park Service the most effective and efficient means of contact with State agencies and personnel that the National Park Service must work with routinely to operate in a manner which addresses the concerns of the Service, the visiting public, and the people of Arizona.

7. Question: Would it not be a better use of limited fiscal resources to use the funding dedicated to the Southern Arizona Group Office in the parks throughout southern Arizona.

Answer: We do not believe that a better use of fiscal resources would be achieved by dispersing the funding for the Southern Arizona Group Office. In addition to the loss of savings ($2.4 million), we currently achieve through consolidation of our resources, we have found that an additional $800,000 would be required under such a scenario. Following is a breakdown of costs associated with transferring current functions to the parks throughout Arizona.

Resources Management

Create a Resources Management Specialist position in each area or upgrade positions presently performing these duties.	$184,000
Minimum training and support costs	27,000
Total	211,000

Administration

Create administrative positions in each area or upgrade positions presently performing these duties.	$146,000
Minimum training and support costs	56,000
Total	202,000

Maintenance

Create maintenance/preservation positions in each area or upgrade positions presently performing these duties.	$238,500
Minimum training and support costs	18,000
Total	256,500

Interpretation

Create an Interpretative Specialist position in each area or upgrade positions presently performing these duties.	$103,500
Minimum training and support costs	27,000
Total	130,500
Estimated overall costs to provide a similar level of services within the parks.	$800,500*
Present Group Office Funding	$540,000
Office Rental	43,000
Total	583,000
Estimated overall savings to provide above services out of the Southern Arizona Group Office.	$217,500
Grand Total	2,401,000

*Not included in this figure are other costs involved with establishing positions, such as furniture, office space, and permanent change of station travel. Also, not included in this figure are costs associated with other positions (Superintendents, Chief Rangers, etcetera) assuming extra responsibilities, and severance pay to those employees unable to relocate.

8. Question: Has the Park Service considered incorporating the functions of the Southern Arizona Group Office into one of the larger parks in Arizona?

Answer: The largest parks in Arizona are located on the northern border of the State. Cost of providing the services now performed by the Southern Arizona Group Office would be greatly increased should the personnel be located at Grand Canyon. Residences would have to be provided and travel to the southern tier would increase the costs. While employees could locate in Boulder City, it would be impractical from a travel standpoint to properly serve the Southern Arizona Group areas. A similar situation arises if the functions were to be located further south.

The location within Phoenix provides the most practical geographic advantage and the greatest opportunity to interact with Federal and State agencies whose principle administrators are nearby. Phoenix, as the major metropolitan area in Arizona, provides the greatest opportunity of public contact and interaction with other Federal and State agencies.

CONGRESSIONAL ADD-ONS

Last year the committee appropriated additional funding for the Lake Mead National Recreation Area, the Glen Canyon National Recreation Area and the Saguaro National Monument. Congress did this because we recognized the serious deficiencies in these Park Service units and attempted to address them. I see that the $300,000 for Lake Mead, the $350,000 for Glen Canyon and the $100,000 for Saguaro have not been carried forward in the FY 90 budget request.

9. Question: Please provide me with the details on how this additional funding is being utilized in each of the aforementioned parks in FY 89 and the impacts in FY 90 if this funding is not restored?

Answer: The fiscal year 1989 congressional increase of $350,000 for Glen Canyon is being used to improve the levels of visitor services, visitor protection and maintenance. Additional rangers and support personnel will provide interpretation and visitor and resource protection. Additional maintenance staff will increase the ability to provide routine maintenance necessary for the upkeep of facilities.

For fiscal year 1990, the Park Service has proposed a net increase of $6,300 for Glen Canyon. This reflects a general operational increase of $356,000, a reduction of $350,000 related to the elimination of the 1989 congressional add-on. Assuming enactment of the budget as proposed, Glen Canyon should be able to maintain operations in 1990 at roughly the same level as in 1989.

At Saguaro, the congressional increase of $100,000 is being used to hire a Resource Management Specialist for the Tucson Mountain District; to hire a Park Interpreter to enhance outreach and environmental education programs; to hire an Administrative Technician; and to upgrade several key park positions.

For fiscal year 1990, a net decrease of $30,500 is proposed for Saguaro. This reflects a general operating increase of $69,500 and a decrease of $100,000 related to the elimination of the 1989 congressional add-on. The most probable impact of a $30,500 decrease would be a reduction of seasonal employees at the park. Assuming enactment of the 1990 budget as proposed, Saguaro should be able to maintain operations at nearly the same level as 1989.

Lake Mead received an increase in 1989 of $300,000 which was used to fund the pay increase for Lake Mead wageboard employees and to hire 2 Park Ranger positions at Katherine's Landing and Northshore.

For 1990, an net increase of $395,100 is proposed for Lake Mead. A base adjustment of $233,000 has been proposed to reflect the pay increase for wageboard employees, a general operational increase of $462,100, and a decrease of $300,000 associated with the elimination of the 1989 congressional add-on. Assuming enactment of the budget as proposed, Lake Mead should be able to accommodate the items accomplished through the 1989 add-on and address further operational requirements.

LAKE MEAD NATIONAL RECREATION AREA

10. Question: What are the anticipated impacts on visitor services at the Lake Mead National Recreation Area by the reduction of 5 FTE's as prescribed in the FY 90 budget request.

Answer: The increase in FTE's was associated with the congressional add-on, which is specifically proposed for elimination in 1990. The FTE's shown in the budget under Lake Mead represent the estimated FTE allocation for the park in fiscal year 1990, given the total allocation of FTE's available to the Service. If the park is to stay within its FTE allocation in fiscal year 1990, positions will have to be lapsed or more contractual work accomplished.

11. Question: The numbers in the budget reflect an increase of $395,100. Is this increase the result of revising the fee distribution schedule or does that come out of the park's budget? What are the costs for collecting fees at Lake Mead?

Answer: The $395,100 amount represents a net of changes proposed for 1990. A base adjustment of $233,000 has been made to reflect the pay increase for wageboard employees. A general operational increase of $462,100, based on the fee distribution formula, is included. A decrease of $300,000 represents the non-continuance of the 1989 congressional add-on. The cost of collecting fees has been incorporated into the distribution schedule which was used to distribute operational increases requested in fiscal year 1990. The costs for collecting fees are approximately $83,400.

SAGUARO NATIONAL MONUMENT

12. Question: What are the anticipated impacts on visitor services at the Saguaro National Monument by the reduction of 5 FTE's and $30,500 as prescribed in the FY 90 budget request.

Answer: The reduction as prescribed in the fiscal year 1990 budget is a net of changes. These changes include a general operational increase of $69,500 and elimination of the congressional add-on of $100,000. The most likely method to absorb this net decrease would be a reduction of seasonal employees at the park.

13. Question: Are the costs for collecting fees reflected in the new fee distribution schedule or does that come out of the park's budget? What are the costs for collecting fees at the Saguaro National Monument?

Answer: The costs for collecting fees have been incorporated into the distribution schedule which was used to distribute operational increases requested in fiscal year 1990. Total direct and indirect costs of fee collection at Saguaro National Monument in fiscal year 1989 are estimated at $43,300.

14. Question: Director Mott, as you know, the visitation rate at the Saguaro National Monument continues to grow at 7-9 percent each year. The west unit was added to the park in 1961 and continues to attract more than 50 percent of visitors to the Monument. In view of this heavy use, I am concerned that the visitor and administrative center for the west unit is inadequate to meet these demands.

Does Park Service have plans to improve the visitor and administrative center at the west unit of the Saguaro National Monument? If so, what are the cost estimates for bringing this facility up to a standard that reflects the values of this fine Park Service unit?

Answer: A Development Concept Plan for the Red Hills (west unit) Area was completed and approved in April 1989. Gross cost estimates for visitor and administrative facility improvements total $2,423,000 of which $367,000 is for advance and project planning.

15. Question: Why was this facility not included in the Mission 66 facilities improvement program?

Answer: The Mission 66 program was initiated in the late 1950's and designed to bring existing facilities up to basic standard by the year 1966. The inclusion of the Tucson Mountain District to Saguaro National Monument did not take place until November 15, 1961, and was thus not included in the initial identification of Mission 66 program needs. The facilities which are currently used were constructed in 1968 using Mission 66 standard building plans. However, funding for this construction did not follow the Mission 66 program process. At the time, few would have predicted that within 20 years, 52 percent of the total annual recreational visitation at Saguaro would occur in the Tucson Mountains District.

GLEN CANYON NATIONAL RECREATION AREA

16. Question: What is the anticipated impacts on visitor services at the Glen Canyon National Recreation Area by a reduction of 7 FTE's as prescribed in the FY 90 budget request.

Answer: The 141 FTE's identified for fiscal year 1988 in the budget request relates to actual FTE usage rather than allocation. The 137 FTE's identified for fiscal year 1989 reflect the allocation for Glen Canyon and includes an increase of 3 FTE's related to the fiscal year 1989 add-on. The fiscal year 1990 FTE allocation reflects a reduction of 3 FTE's since the add-on was not continued. If the park is to stay within its FTE allocation in fiscal year 1990, positions will have to be lapsed or more contractual work accomplished.

17. Question: The numbers in the budget reflect a modest increase of $6,300. Is this increase the result of revising the fee distribution schedule. Are the costs for collecting the fees reflected in the distribution schedule or does that come out of the park's budget? What are the costs for collecting fees at Glen Canyon?

Answer: The proposed increase for Glen Canyon in 1990 is $6,300. This reflects the amount available after an increase of $356,300 for operational needs distributed by the fee formula was netted against a decrease of $350,000 to reflect the withdrawal of the fiscal year 1989 congressional increase. A total of $63,000 was the amount spent on fee collection activities in 1988. A similar amount is anticipated to be spent in 1989. The operational increase of $356,300 requested in 1990 is based on the fee distribution formula and does take the cost of collection at individual park units into account.

GRAND CANYON NATIONAL PARK

As you know, I have been concerned about the woefully inadequate conditions of employee housing at the Grand Canyon National Park. I think it is unconscionable that we expect these people to live in conditions such as those at the Canyon.

18. Question: What is the status of the efforts to improve employee housing at the Grand Canyon National Park?

Answer: Efforts continue to improve housing at Grand Canyon. We have received $550,000 housing initiative funds in fiscal year 1989 for replacement and repair/rehabilitation of existing units. These funds will be used to replace four units on the South Rim, two units on the North Rim and two units at Desert View. Three units on the South Rim will be rehabilitated.

In addition, the Denver Service Center (National Park Service) has received $400,000 in housing initiative funding to perform condition assessments and prepare and update planning. This is necessary to set rehabilitation and replacement housing priorities for the future.

19. Question: Is there sufficient funding in the FY 90 budget request to continue these efforts?

Answer: Within the fiscal year 1990 budget, $600,000 is identified for rehabilitation of Grand Canyon housing.

GRAND CANYON CHAMBER MUSIC FESTIVAL

Mr. Director, in my opinion, the Grand Canyon is the most sublime spectacle in the world. As an international symbol of not only Arizona, but the nation as well, it represents our beauty, history and culture. For the past five years, the Grand Canyon Chamber Music Festival has superimposed the sounds of beautiful music onto the majesty of the Grand Canyon with tremendous critical acclaim. In view of its tremendous success, the Festival would like to grow and expand in scope worthy of the Canyon.

20. Question: Does the Park Service feel that the Grand Canyon Chamber Music Festival enhances the visitor experience to the park.

Answer: The festival does enhance the visitor experience at Grand Canyon. It also brings a positive cultural opportunity to the employees and their families living in this isolated community.

21. Question: What, if any, assistance does the Park Service provide to Grand Canyon Chamber Music Festival currently?

Answer: The Park Service rents the Shrine of Ages structure at standard rates. The concerts and practices are held there. Many park and concessioner employees volunteer off-duty time in support of this cultural activity.

22. Question: Throughout the Service, are there other cultural programs similar to the Grand Canyon Music Festival in conjunction with other parks? If so, does the Park Service provide resources to these programs? Please provide me with a list of the parks and the type of cultural programs taking place in them.

Answer: Yes, there are other similar cultural programs and, in many cases, minimal assistance in the form of office space or logistics are provided. Many park employees volunteer off-duty time in support of these cultural activities. For 1989, the programs are as follows:

Cabrillo National Monument: January through June, "A Sailor's Tail," (a live performance)

May 29, Marine Band performance

October 1, "Cabrillo Festival," (native dance groups)

Channel Islands National Park: March 4, "Mr. and Mrs. Fish" (puppet performance)

Coronado National Memorial: September 24, "Borderlands Festival" (Mexican dancers and bands)

Golden Gate NRA: July 4, Variety of ethnic music and dance performances.

Grand Canyon National Park: September 1, "Chamber Music Festival"

Hawaii Volcanoes National Park: June & August, "Puppets on the Path"

"Hula Halau O Kukui" (dance troop)

John Muir National Historic Site: April 28, "John Muir Birthday Celebration" (Scottish bagpipe bands and dancers)

July, "Victorian Fair" (music/theater)

December, "Victorian Tea Celebration" (trio performances)

Lassen Volcanic National Park: June 26-28, Jerry Springer (entertainer)

"Conversations with a Tramp," Lee Stetson (entertainer)

August, Bill Oliver (folk singer)

Pu'uhonua O Honaunau NHP: July, "Performances by 8 Hula Groups"

San Francisco Maritime NHS: July 1, "Maritime Festival" (performance)

Santa Monica Mountains NRA: May - September, "Sunday Concerts in the Park"

Tumacacori NM: December 3, "Annual Tumacacori Fiesta" (bands/dance)

Yosemite NP: "Conversations with a Tramp," Lee Stetson (entertainer) (weekly performance)

Jean Lafitte NHP: January, Jazz Band, Mardi Gras Indian Dancers, Cajun Dancers

February, Gospel Singers, German Dance Group

March, Irish Dance/Music Group, Italian Dance/Music Group

April, Spanish Dance/Music Group, Lebonese Dance Group

May, Greek Dance/Music Group

(all performances weekly)

Chamizal NMEM: January 10, Mick Maloney (Irish folk music performer)

January 14, Ware/Patterson (flute, guitar music)

January 16, "Tribute to Martin Luther King" (variety show)

January 22,29, Students Piano Recital

January 27/28, "Ballet Folklorico"

February 2, "Color Museum" (play)
"Kei Takei Japanese Dance Theater"

February 5, Students Piano Recital

February 8, "Flash Dance" (El Paso schools)

February 15, "Ballet Folklorico"

February 16, Bob Bovee Duet (western music performer)

February 17, "Boy Meets Girl" (play)

February 18, Bowie High School Band

February 19, Christie Stapels - piano concert

February 24-16, "Cita de Amor" (Spanish comedy)

March 1, "Amor de Quen es" (play)

March 12, "Ciglo de Oro" (play)

March 14, "Debrujas y Alcoleiterias" (play)

March 15, "El Auto de las Donas" (play)

March 16, "ha Castro!" (play)

March 23-24, "Los Tres Cochinitos" (play)

April 9, Students Piano Recital

April 10, Vocal Concert

April 13-14, "International Dance Theater-Modern Ballet"

April 15, "This is not a Pipe Dream" (play)

April 16, "Local Modern Dance Group"

April 20, "Looking for Stars" (play)

April 21, Alisa Monte (performer)

April 22, "El Paso Friends of Folk Musick Sukay"

April 23, Student Piano Recital

April 28, "Esequiel Mesa" (piano recital)

April 29, "International Dance Theater - Children's Choir"

April 30, "First Thanksgiving" (performance)

May 5, "Dance Group"

May 6, "Cinderella" (puppets)

May 10, Angelo Ferriare (opera singer)

May 11, "Hard Travelers" (folk music)

May 13, "Sun Flower Festival Dual" (play)

May 14, Suzuki Piano Recital

May 19-28, "Zorba" (Broadway show)

May 21, Student Piano Recital

May 24, "Modern Dances"

May 29, "Border Jazz Festival"

May 31, "Local Modern Dance Program"

June 1, "Dance Interpretation - Modern Dance"

June 4, "4 More by 4" (play)

"Vocal Jazz Group"

June 6, "Anne Blanco Dancers"

June 9-10, "Laruda Vrdapillepa Dancers"

June 11, "Abo, Addy, and Kukrudu" (African performers)

June 16-25, "Nurd" (play)

June 18, "Fiddel Grass Music"

June 26, "Noche Ranchera" (local singers)

June 28, "Montessori Variety Show"

June 29, "Ballet Folklorico"

To date, performances for the remainder of the year have not been scheduled.

St. Gaudens NHS: July-August, Classical Music

Saugus Iron Works: July-August, Country Music Bands

Longfellow NHS: All Summer - Sundays, "Classical and 19th Century Music"

Lowell NHP: July/September, "National Folk Festival"

"Fiddle and Banjo Contest"

(Various ethnic celebrations throughout summer)

Carl Sandburg NHS: June-August, "Rootabaga Stories - Flatrock Playhouse" (play)

Fort Raleigh NHS: June-August, "Lost Coloney" (play)

Blue Ridge Parkway: June-October, "Mountain Sweet-talk" (play)

NATIONAL CAPITAL REGION:

Arlington National Cemetery: July, August, "Netherland Carillon Concert Series"

U.S. Capitol Building: May 26, July 4, September 3, "National Symphony Free Lawn Concerts"

Washington Monument - Sylvan Theater: May-August, "Big Band Concert Series"

June-August, "Military Band Summer Concert Series"

August 17, "Lollipop Concert"

August 25, "Christmas in August" (U.S. Air Force Band)

August 22, "1812 Overture" (U.S. Army Band)

Iwo Jima Memorial: May-August, "The Sunset Parade" (concert series)

Fort Hunt, GW Memorial Parkway: June-August, "Fort Hunt Concert Series"

Fort Dupont: June-August, "Fort Dupont Summer Jazz Series"

Carter Barron Amphitheatre: June-August, "In-Town Summer Theatre" (plays)

The Ellipse: "Twilight Tartoo," U.S. Army Old Guard 3rd Infantry Band & Chorus

Pershing Park, Farragut Square, Constitution Gardens, and Old House Garden:
June-August, "Noon Hour Concerts"

Washington Monument Grounds: 4th of July celebration (fireworks, stage entertainment, parade, concert)

QUESTIONS SUBMITTED BY SENATOR QUENTIN N. BURDICK

KNIFE RIVER INDIAN VILLAGES NATIONAL HISTORIC SITE

1. Question: What is the status of the Knife River Indian Villages Historic Site visitor center project and what is the current construction cost estimate for the planned facility?

Also, please indicate when construction might be completed under optimum funding conditions.

Answer: A contract for phase I utilities and site work will be awarded this summer. Phase II construction drawings for the visitor center are underway. The current estimate for construction is $2.2 million. If funds were available early in fiscal year 1990, construction could begin in the spring of 1990 and the visitor center would be complete and ready for use in early summer of 1991.

THEODORE ROOSEVELT NATIONAL PARK

2. Question: The fiscal year 1989 Interior Appropriations bill included planning money for a new visitor center at the North Unit of Theodore Roosevelt National Park. What is the status of this project and what is the current construction cost estimate?

Answer: Planning, including site design, utility layout and specifications, will be accomplished by late June. Utility construction, including water, sewer and some road modification will begin in August. Final design and construction documents for the visitor center are being completed by a donation of services provided by a local interest group, the Theodore Roosevelt Park Committee of the Watford City Chamber of Commerce. Construction of the visitor center is currently estimated at $975,000. If funds were available, a construction contract could be awarded in fiscal year 1990.

FORT UNION TRADING POST NATIONAL HISTORIC SITE

3. Question: Work at the Fort Union Trading Post National Historic Site is nearing completion. It is expected that completion of Fort Union will bring with it a significant increase in the number of visitors annually. Does the Park Service plan to increase base funding for Fort Union accordingly in order to accommodate the expected increase in visitation?

Answer: The fiscal year 1990 budget includes an increase of $8,000 for the Fort Union Trading Post National Historic Site derived from the distribution of fee revenues. The possibility of an increase for Fort Union in the fiscal year 1991 budget due to increased visitation will be considered.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

HAGERMAN FOSSIL BEDS NATIONAL MONUMENT
AND
CITY OF ROCKS NATIONAL RESERVE

1. Question: Please provide for the record the efficient operational amounts necessary for the Hagerman Fossil Bed National Monument and the City of Rocks National Reserve.

Answer: The 1990 budget contains $700,000 for planning for 12 new areas including these two areas. Once planning is completed it is estimated that operating funds of $200,000 for City of Rocks National Reserves and $150,000 for Hagerman Fossil Beds National Monument would assure continued protection of resources and the interpretation and maintenance of the areas.

MAINTENANCE

2. Question: What is the NPS estimated backlog in Repair/Rehab and Cyclic, and at the present rate of funding proposed in fiscal year 1990, when will you eliminate it?

Answer: The Service does not have an exact dollar estimate of the backlog in repair, rehabilitation and cyclic maintenance needs at the present time. Data relative to these needs are expected to be readily available once the Maintenance Management System implementation is completed by the end of 1990.

The 1988 General Accounting Office (GAO) Investigative Report on park maintenance deficiencies recommended an estimated $125 million annual funding level in the Cyclic Maintenance and Repair and Rehabilitation Programs to eliminate the backlog over 10 years.

Funds requested in the 1990 budget request for cyclic maintenance and repair and rehabilitation will be used primarily to address only the highest priority cyclic and repair and rehabilitation needs including health and safety related maintenance needs. Funds requested in fiscal year 1990 are about $75 million short of this optimum funding level recommended by GAO. The actual backlog will be reviewed periodically with the intention of reducing it as

future funding situations permit. We are unable to predict the time when a backlog that does not remain static will be eliminated.

FEDERAL LANDS HIGHWAYS PROGRAM

3. Question: At your present level of funding in the FLHP, when will you eliminate the backlog? Also, what would be a desirable level of funding?

Answer: At the present funding level, $60 million is requested annually. More roadway mileage is falling from the "good" to "poor" category than is being brought up from "poor" to "good." In other words, the road infrastructure of the Service is continuing to deteriorate at a level greater than the current level of funding.

The opinion of National Park Service and Federal Highway Administration experts is that the annual funding level for the Federal Lands Highways Program should be at least doubled to $120 million.

IMPACT OF PAY COSTS AND FERS

4a. Question: What is the effect on NPS operations of absorption of the 4% pay costs and FERS?

Answer: The 4.1 percent pay cost and the FERS absorptions will affect the Park Service operations in various ways. Following is a list which represents potential programmatic impacts. The actual effects will depend upon decisions made by individual Park Managers during the course of the year.

-Leave vacancies unfilled in Regional Office programs
-Defer employee development opportunities
-Defer purchase of supplies and materials
-Defer equipment maintenance contracts
-Defer purchase of equipment
-Hire fewer seasonals
-Defer travel and reduce number of personnel in attendance at meetings
-Defer routine boat, vehicle, and back-country patrols
-Defer onsite technical assistance travel
-Defer maintenance of boundary fences
-Defer routine trail maintenance wherever possible
-Less frequent litter/trash pickup
-Reduce number of informational folders available to visitors

4b. What level of funding would be necessary to offset the impact?

Answer: The additional funding needed in FY 1989 to cover the pay cost increase and the FERS costs is $16,892,000 ($14,088,000 for pay and $2,804,000 for FERS). This is reflected in a reprogramming dated February 15, 1989, as being absorbed within the current funding levels. In fiscal year 1990 the annualized amount ($4,730,000) of this pay increase will also be absorbed along with $2,845,000 required to meet the increasing costs of the FERS system.

4c. Is the fee money sufficient to cover these costs and in the proper proportions per account?

Answer: The fee money is insufficient to offset the pay and FERS absorptions in every account. The fee money is totally and exclusively available in the Park Management activity of the "Operation of the National Park System" appropriation, whereas the pay and FERS requirements impact all Park Service accounts.

YELLOWSTONE NATIONAL PARK

5. Question: We noted while in Yellowstone the lack of ambulance and structural fire equipment for winter operations. What level of funding would be required to alleviate this situation?

Answer: Yellowstone National Park has identified needs of approximately $300,000 for winter emergency vehicles. The emergency vehicles needed are two oversnow ambulances and three structural fire units suitable for winter use. The Service will explore the possibility of acquiring some of the winter equipment should the proposed 1990 operating increase of $1,647,400 for Yellowstone be approved by Congress. Overall park priorities will dictate the ultimate use of the requested funds, should they be enacted. However, safety needs, such as those connected with the purchase of the emergency equipment, rank as high priorities within the park and are likely candidates for funding.

CANYONLANDS NATIONAL PARK
AND
GLEN CANYON NATIONAL RECREATION AREA

6. Question: In the case of Canyonlands and Glen Canyon, we note that as a result of the deduction of the FY89 add-ons the result is less funding for Canyonlands and only $6,300 more for Glen Canyon. Can you tell us how you will resolve this problem if money is not added back in?

Answer: The annual operating budgets for Canyonlands and Glen Canyon are $2,252,200 and $5,059,600 respectively. Within these base budgets, Park Managers have considerable discretion to expend these funds. The Service believes that the funding levels are sufficient to meet the highest priority needs of each area.

EQUIPMENT REPLACEMENT

7. Question: We note your level of equipment replacement remains static. What is the existing backlog in this account? Please advise us of the amount of funding needed yearly to eliminate this backlog.

Answer: According to a review of equipment replacement records covering the 10-year period from 1978 to 1988, the Service currently has identified a backlog of approximately $30 million in unfunded or unmet equipment replacement needs. In addition to the $10.7 million requested in the 1990 budget, an additional $30 million would be required in order to bring the equipment replacement program up to current National Park Service standards.

Since the Service feels that the most it could obligate efficiently in any given year would be a total of $30 million, the backlog could not be eliminated in less than 2 years.

NEW AREAS

8. Question: With newly authorized areas coming on line and areas finally being developed, how will you fund the operational needs required to make these park areas functional? If operating increases are deducted from any FY90 or FY91 initiative, what will be the effect upon existing units?

Answer: The Service has proposed significant operating increases for nearly every park as part of the 1990 budget. Many of the parks proposed for increases include those which can be classified as "developing" areas. Also included in the 1990 request is a proposal to increase funding by $730,000 for General Management Planning. Planning is the first requirement in assessing the viability of options for development and operations at new areas. The results of the planning process will identify the funding requirements for the units. The Service will examine the possibility of including funding for operation of new areas in future budget requests, once the appropriate amount has been identified.

It would be the preference of the Service not to fund new areas by taking needed funds from existing units. All National Park Service units were required to absorb the cost of the January 1989 Federal pay raise. The effect of the absorption will be felt most acutely in the smaller park areas.

DRUG ENFORCEMENT

You have requested an additional $10.3 million in FY 90 to deal with drug-related activities in units of the National Park System (pg. 49). Of these funds, $2.7 million is requested in the Visitor Protection and Safety program, $3.7 million is requested for Park Police operations (pg. 54) and $3.9 million is requested to replace the Park Police helicopter (pg. 54).

Since these are three separate items, I would like to start with the $2.7 million requested in the Visitor Protection and Safety program.

According to the budget, these funds are to be used to deal with drug-related activities in units of the System including the smuggling, cultivation, manufacturing, sale, and use of drugs. The majority of these funds are to be used for overtime ($998,000) and operation of aircraft, boats and vehicles ($1.2 million).

9. Question: Why is the request for overtime instead of for additional personnel? It sounds as if this is a temporary effort.

Answer: The increased funding of $2.7 million includes a request for 25 full-time equivalent (FTE's) positions. Most of the $998,000 listed opposite the Personnel Overtime Costs item was intended to reflect funding for these positions and additional seasonal positions; a small percentage was intended to cover increased overtime costs associated with projected increases in court attendance time and additional surveillance and interdiction

operations. The amount reflected in this category was not requested solely to fund increases in overtime or other premium pay categories for existing employees. The category should have read "Personnel and Overtime" costs.

10. Question: Can you elaborate on the planned used of these funds? Will rangers do additional surveillance? Drug buys?

Answer: In general, this funding will provide essential staffing, equipment and support costs to allow the staffs of the park areas listed to address their overall resource and visitor protection responsibilities more effectively and safely. At the same time, this funding will allow the Service to increase efforts directed at deterring illegal drug activities that occur in park areas. Specific efforts targeted at drug activities will include:

Increasing staffing levels, vehicles, vessels and specialized equipment in park areas where current staffing levels and available resources do not provide the capability to address existing or potential levels of drug activities safely and effectively;

Increasing and expanding patrols by foot, vehicle, vessel, horseback and aircraft;

Increasing overflight activity in areas with a history of, or a high potential for, smuggling, marijuana cultivation, or large scale storage of contraband in back-country areas;

Placing a major emphasis on deterring drug distribution activities in park areas by initiating and supporting drug investigations and undercover operations in parks that experience high case loads involving illegal drug use;

Providing specialized training to commissioned rangers; and

Increasing the level of participation by the Service in interagency drug interdiction efforts conducted in and adjacent to park areas.

11. Question: How was this proposal coordinated with other agencies, such as the Coast Guard, DEA and public land agencies?

Answer: Drug enforcement is not a primary responsibility of the National Park Service. The Park Service attempts to address illegal drug activities within the National Park System by cooperating closely with Federal, State and local law enforcement agencies that have primary drug enforcement jurisdiction. Local cooperation entails coordinated planning, joint operations and the sharing of information and intelligence to make the most effective and efficient use of available staff and resources.

At the national level, Park Service representatives participate on a joint drug enforcement committee chaired by the Director of Security and Drug Enforcement for the Department of the Interior. This group meets on a regular basis and is comprised of the senior law enforcement officials from the National Park Service, Bureau of Land Management, Bureau of Indian Affairs, Bureau of Reclamation, and the U.S. Fish and Wildlife Service. Joint and individual bureau efforts are coordinated through these meetings and action plans are developed based on joint understandings of each agency's capabilities. National coordination with other agencies also occurs through the efforts of this Departmental organization. The Park Service has also recently entered into an agreement with the El Paso Intelligence Center (EPIC) which provides the mechanism for sharing drug intelligence on an interagency basis.

12. Question: Where will these funds be used?

Answer: The National Park Service has prepared the following preliminary schedule for allocating this funding. Needs were identified by individual Park Managers.

NATIONAL PARK SERVICE
DRUG ENFORCEMENT FUNDING REQUEST

	FTE`S	Total Amount ($000's)
SERVICEWIDE TOTALS		
Mid-Atlantic Region	0	115
National Capital Region**	0	20
Southeast Region	13	1,117
Midwest Region	0	142
North Atlantic Region	0	78
Rocky Mountain Region	0	214
Southwest Region	8	408
Western Region	4	490
Pacific Northwest Region	0	108
Washington Office Program Support	0	8
Grand Totals.....**	25	2,700
MID-ATLANTIC REGION		
Regional Program Support	0	8
Colonial National Historical Park	0	20
Assateague Island National Seashore	0	32
Shenandoah National Park	0	20
Delaware Water Gap National Recreation Area	0	35
Total.....	0	115

** Amounts do not include those requested for U. S. Park Police drug operations. These amounts are submitted under a separate justification.

	FTE's	Total Amount ($000's)
NATIONAL CAPITAL REGION		
Catoctin Mountain Park	0	2
Chesapeake and Ohio Canal National Historical Park	0	10
Prince William Forest Park	0	8
Total.....	0	20
SOUTHEAST REGION		
Regional Program Support	0	8
Big Cypress National Preserve	2	150
Big South Fork National River and Recreation Area	0	8
Biscayne National Park	2	130
Blue Ridge Parkway	0	10
Canaveral National Seashore	1	60
Cape Hatteras National Seashore	0	20
Wright Brothers National Memorial		
Fort Raleigh National Historic Site		
Chattahoochee River National Recreation Area	0	10
Christiansted National Historic Site	0	14
Buck Island Reef National Monument		
Congaree Swamp National Monument	0	20
Cumberland Island National Seashore	1	35
Everglades National Park	6	458
Fort Jefferson National Monument		
Great Smoky Mountains National Park	0	40
Gulf Islands National Seashore	1	52
Mammoth Cave National Park	0	17
Natchez Trace Parkway	0	50
San Juan National Historic Site	0	20
Virgin Islands National Park	0	15
Total.....	13	1,117
MIDWEST REGION		
Regional Program Support	0	8
Apostle Islands National Lakeshore	0	5
Cuyahoga Valley National Recreation Area	0	25
Fort Larned National Historic Site	0	1
Indiana Dunes National Lakeshore	0	55
Ozark National Scenic Riverways	0	25
Perry's Victory and International Peace Memorial	0	1
Pictured Rocks National Lakeshore	0	5
St. Croix National Scenic Riverway	0	5
Sleeping Bear Dunes National Lakeshore	0	12
Total.....	0	142

	FTE`S	Total Amount ($000's)
NORTH ATLANTIC REGION		
Regional Program Support	0	8
Acadia National Park	0	20
Cape Cod National Seashore	0	20
Fire Island National Seashore	0	15
Gateway (Sandy Hook Unit) National Recreation Area	0	15
Total.....	0	78
ROCKY MOUNTAIN REGION		
Regional Program Support	0	8
Arches National Park	0	1
Bighorn Canyon National Recreation Area	0	7
Black Canyon of the Gunnison National Monument	0	2
Bryce Canyon National Park	0	1
Canyonlands National Park	0	11
Capitol Reef National Park	0	4
Curecanti National Recreation Area	0	2
Dinosaur National Monument	0	6
Glacier National Park	0	30
Glen Canyon National Recreation Area	0	49
Grand Teton National Park	0	20
Great Sand Dunes National Monument	0	3
Rocky Mountain National Park	0	15
Yellowstone National Park	0	55
Total.....	0	214
SOUTHWEST REGION		
Regional Program Support	0	8
Amistad Recreation Area	2	60
Big Bend National Park	5	205
Buffalo National River	0	30
Hot Springs National Park	0	20
Jean Lafitte National Historical Park	0	16
Padre Island National Seashore	1	69
Total.....	8	408

	FTE'S	Total Amount ($000's)
WESTERN REGION		
Regional Program Support	0	8
Channel Islands National Park	0	15
Chiricahua National Monument/Fort Bowie National Historic Site	0	10
Death Valley National Monument	0	38
Golden Gate National Recreation Area	0	15
Grand Canyon National Park	0	25
Hawaii Volcanoes National Park	2	112
Joshua Tree National Monument	0	25
Lake Mead National Recreation Area	0	15
Lassen Volcanic National Park	0	5
Organ Pipe Cactus National Monument	2	80
Point Reyes National Seashore	0	16
Redwood National Park	0	16
Santa Monica Mountains National Recreation Area	0	10
Sequoia/Kings Canyon National Parks	0	25
Whiskeytown National Recreation Area	0	25
Yosemite National Park	0	50
Total.....	4	490
PACIFIC NORTHWEST REGION		
Regional Program Support	0	8
Coulee Dam National Recreation Area	0	10
Crater Lake National Park	0	20
Fort Vancouver National Historic Site	0	1
Mount Rainier National Park	0	25
North Cascades National Park	0	15
Olympic National Park	0	29
Total.....	0	108

13. Question: Are additional law enforcement authorities for rangers contemplated for these activities?

Answer: No additional authorities are required or contemplated. The authorities provided the Service in Public Law 94-458 (16 USC 1a-6) are sufficient.

VISITOR PROTECTION AND SAFETY PROGRAM

For the past few years an additional $460,000 has been appropriated in the Visitor Protection and Safety program (pg. 48) for drug enforcement. The Service provided these funds to various parks located near urban population centers or those parks which, through their isolation or easy marine accessibility, are prime candidates for illegal drug trafficking.

14. Question: Is the FY 90 proposal an expansion of the FY 89 funding?

Answer: The fiscal year 1990 funding request is in addition to the $460,000 appropriated in past years. These support funds are intended as recurring costs and are in addition to funding appropriated in past years, much of which has been used to fund seasonal positions. The requested increases in addition to base funding will result in effective and meaningful drug enforcement efforts that will continue into subsequent budget years with expected lasting positive impact on illegal drug activities in many areas within the National Park System.

PARK POLICE

An additional $3.7 million is requested in FY 90 for the Park Police (pg. 54). This funding is needed to pay for additional operations related to drug enforcement activities. These activities include additional staff, overtime, aircraft/boat/vehicle operations, training, equipment, etc.

15. Question: How will the use of these funds differ with the $2.7 million requested in the Visitor Protection and Safety program?

Answer: These funds will be used for essentially the same kinds of activities as the $2.7 million requested under the Visitor Protection and Safety Program. The basic difference will be in the geographical distribution of these funds. Funds made available for the Park Police will be used in support of Park Police operations in Washington, D.C., certain counties in Maryland and Virginia, and Golden Gate and Gateway National Recreation Areas. Funds requested under Visitor Protection and Safety will be used throughout the Park System to enhance the current levels of ranger activities related to the drug enforcement initiative.

16a. Question: Can you elaborate on the use of these funds?

Answer: The $3.7 million increase requested will provide for salary and related benefit costs for 37 additional workyears in support of this initiative, overtime costs, staff drug enforcement training and related travel costs, preparation of background investigations, computer equipment and computer time for access to law enforcement information systems. In addition, requested funds will be used for leasing and purchasing of vehicles, fuel costs, and costs associated with collecting, processing and preserving evidence, radios and communication equipment, weapons and ammunition, bullet-proof vests, uniforms, drug-buy money, aviation and surveillance equipment including infrared detectors, and community education related to the antidrug abuse campaign.

16b. Question: How much of these funds will be used for drug-buy money?

Answer: We estimate that $40,000 will be utilized for this purpose.

16c. Question: What kind of weapons are contemplated?

Answer: The weapons included in this package are 9mm semi-automatic pistols.

17. Question: How was this proposal coordinated with other agencies, such as the Coast Guard, DEA and public land agencies?

Answer: The Park Police maintains routine liaison with the Federal Bureau of Investigation, Treasury Department, and the Drug Enforcement Administration (DEA), among others. We currently have personnel assigned to the various joint taskforce groups with the DEA. All of the bureaus within the Department of the Interior have met on numerous occasions to discuss and coordinate collective efforts to combat the increasing drug related problems. Personnel from within the Departments of Treasury, Justice and Interior have contributed technical expertise, suggestions, and relative technical evaluation data, which were used in the development of the proposal.

18. Question: How many uniformed officers are there in the Park Police?

Answer: As of January 1, 1989, the U.S. Park Police had an authorized strength of 655 uniformed officers, of which 638 positions were filled.

19. Question: What is the goal, and how many policemen will be provided with these funds?

Answer: These funds will provide for a maximum of 37 additional police officers, which will place our new personnel ceiling at 692 officers.

HELICOPTER

An additional $3.9 million has been requested to replace the Park Police helicopter (pg. 54). The U.S. Park Police currently operate two single engine helicopters--one is due for replacement in FY 90 and the other is due for replacement in FY 91.

I don't want to argue about the need for a new helicopter or the type of helicopter you have requested. I am, however, concerned about the place from which funds have been requested.

20. Question: Were other drug initiatives reduced or eliminated in order to find room for the helicopter? In other words, if the helicopter was funded outside of the drug initiative, thus making $3.9 million free to use for other items in the drug initiative, what would you propose to fund--if anything?

Answer: No other aspects of the drug program were reduced or eliminated to make room for inclusion of the replacement helicopter. It was considered to be an integral part of the overall program from its inception.

21. Question: What percent of the helicopter time is currently used for drug enforcement initiatives?

Answer: Because of the way incidents are classified, the actual percentage of total flight time spent on drug enforcement initiatives is not available, but it is roughly estimated to be about half the time. The majority of helicopter flight time is spent in support of law enforcement initiatives, and based on our findings, in the vast majority of criminal incidents in which the helicopter is used there is some drug or narcotic involvement.

22. Question: How much drug enforcement time is planned with the new helicopter?

Answer: The amount of time the new helicopter will be used for drug enforcement is not known. The twin-engined replacement helicopter is part of a major programmatic increase of targeted effort and funds in the area of drug enforcement. In totality, the drug package represents a fourfold increase in commitment of personnel and fiscal resources. It is reasonable to expect a corresponding increase in the utilization of aviation support for these efforts, especially in light of the increased capabilities of the replacement aircraft.

23. Question: Will you propose to replace the other helicopter with a twin-engined craft?

Answer: Although final plans have not been formalized at this time, when the many advantages of a twin-engined helicopter are considered, it is probable that future replacement aircraft proposals will be of twin-engined configuration.

24. Question: Why is the National Capital Region the region with the greatest need for a drug enforcement helicopter?

Answer: The National Capital Region is unique among National Park Service Regions in that the vast majority of its parks are urban in nature. With urban environment come urban problems, in this case, massive drug problems.

25. Question: What other regions were analyzed for this equipment, and why were they rejected?

Answer: In order for the acquisition of a rotary wing aircraft for full-time use to be cost effective, a high activity level to address an ongoing concentrated need is required. The Washington Metropolitan Area is the only area with U.S. Park Police presence that currently meets this requirement. Incidental or short-term needs that occur in other Regions throughout the Service can be met through contractual hire of rotary wing aircraft

on a short-term ad hoc basis. No other Regions have currently identified the need for a full-time rotary wing aircraft and were therefore, not considered, at this time, in this request.

26. Question: Why is a twin-engined helicopter for the National Capital Region more functional than using the funds to purchase a total of three single-engined helicopters for the National Capital Region and two other regions?

Answer: Flight operations over the Nation's Capital require a level of skill and safety unequaled within the Department of the Interior. The following justification statement outlines many of the operational considerations which have determined in large measure the decision to change to a twin-engined aircraft at this time. In light of the factors outlined, especially the unique operational environment, that we need to increase flight safety while at the same time increasing mission utility.

JUSTIFICATION FOR TWIN ENGINE HELICOPTER

U. S. Park Police helicopters are often utilized under adverse conditions. These conditions include moisture and pollution, variations in temperature, as well as salty atmospheric conditions. These are the primary sources of corrosion, metal fatigue and general aircraft wear. Additionally, operating conditions such as blowing sand, dust, chemicals and other airborne foreign matter, affect the airframe, engine and other major flight safety components. A major portion of these flights necessitated operations at or near maximum aircraft performance for extended periods of time, out of close areas, at or near maximum gross weight. This creates the need to utilize maximum power, which in turn places extra stress on the airframe, power plant, and related components. Each time this occurs it increases the rate of metal fatigue thereby reducing the useful life of the aircraft. Both aircraft currently in use are powered by a single jet-turbine engine. While these aircraft cannot be considered "outdated," they do have a limited operating envelope which significantly reduces the margin of safety and places capability limitations on the aircraft particularly during over water operations such as river rescues.

As of the proposed date of this replacement action, the helicopter being replaced will have been in service for nearly 10 years. During this period, we have experienced three engine failures, which fortunately did not result in any serious damage to the aircraft or injury. Had any of these failures occurred while operating in an emergency profile, such as a river rescue, it is highly probable that both the aircraft and crew would have been lost. More recently (October 1988), we have experienced a major tail rotor drive shaft failure and a major airframe crack on Eagle I.

The replacement helicopter requested herein is a twin-engined aircraft equipped for the mission profile of the U.S. Park Police. This configuration will broaden the mission capabilities and provide a significant improvement in the margin of safety during

all operations. Should an aircraft of the type proposed experience an engine failure, the additional engine would allow the aircraft to be flown to a safe landing, this is particularly critical in light of the large percentage of time the aircraft spends over developed urban residential and business areas. The additional load carrying capability would also allow for rescues of multiple persons on a single pass thus avoiding numerous time consuming trips as were necessary during the rescue operations subsequent to the crash of Air Florida Flight 90.

A twin-engined replacement helicopter would allow us to carry additional personnel and equipment during the conduct of searches involving marijuana eradication. Because of the present load limits, we are limited in the number of personnel and amount of equipment that can be carried on the aircraft, particularly during summer months.

Once such illegal plantings are located, there have been many occasions when it was not only difficult, but impossible to carry the plants out by land, this is particularly true in operations along the upper Potomac River and Chesapeake and Ohio Canal National Historical Park areas within the National Capital Region, and in the Shenandoah National Park area when working cooperative missions outside the Region. In these cases we have utilized our helicopters to extract the plants. Size limitations often require numerous trips into sometimes dangerous terrain.

EL MALPAIS NATIONAL MONUMENT

On page 50, the justification seems to indicate that an additional $30,000 is requested for the newly authorized El Malpais National Monument. These funds are to be used for the protection of the resources which requires an ongoing Park Service presence.

The park by park budget on page 140 indicates that the proposed FY 90 funding for El Malpais is only $4,000 above FY 89.

27. Question: Did you put the $30,000 in for El Malpais and then take back $24,000?

Answer: The 1990 budget for El Malpais and Masau Trail includes an increase of $203,700 as follows:

Park Management	$85,000
Visitor Protection	30,000
Maintenance	30,000
Resources Management	40,000
Operational Increases Distributed By Fee Formula	18,700
Total	203,700

This was offset by the elimination of the $200,000 operating increase provided by Congress in fiscal year 1989 for planning and initial startup activities, leaving a net increase of $3,700.

28. Question: El Malpais is 114,000 acres, how can it be protected with $30,000 and one FTE?

Answer: The $30,000 and 1 FTE represent only a portion of the funding requested in 1990. In fiscal year 1989, the total amount programmed for visitor protection and safety is $54,200 and 1.6 FTE's. In addition, $19,100 is planned for resources protection. With the present budget, approximately the same would be available in fiscal year 1990.

29. Question: What is really necessary to protect the resources?

Answer: The park has identified an additional $300,000 beyond the 1989 operating base of $270,000 as the amount required for full operation of the new park. The additional funds identified would allow for increased maintenance, provide seasonal employees in interpretation and resources management, and allow for the purchase of needed equipment, such as radios for back-country communications.

MAINTENANCE

I am pleased to see the Park Service has requested an additional $11.0 million for operational maintenance in FY 90 (pg. 60). When added to the $13.6 million addition provided in the FY 89 cycle, the operational maintenance account has increased about ten percent since FY 88. Funds for operational maintenance are essential to protect the $35 billion in physical facilities and roads located throughout the System.

30. Question: What annual funding level is necessary to maintain the parks?

Answer: Park operational maintenance money requested in the fiscal year 1990 request would satisfy about 90 percent of the needs identified in the 1988 General Accounting Office Investigative Report.

FTE's vs. FUNDS

There are twenty-five park units for which the Service has both requested additional funds (before fee distribution), and yet requested an FTE decrease. Of these twenty-five units, 6 have funding increases which are greater than 10 percent (G.W. Parkway, Grand Canyon, Gulf Islands, Sequoia, Yellowstone and Yosemite).

31. Question: How can a park like Grand Canyon operate with an additional $2.5 million (+33 percent) yet have ten fewer FTE's than in FY 89 and twenty-six fewer than in FY 88?

Answer: The National Park Service continues to explore contracting out of certain services rather than the addition of permanent staff. The bulk of the 1990 increase of $2.5 million is for maintenance activities at Grand Canyon. This work is more easily contracted out than other National Park Service activities.

32. Question: Is somebody playing with your FTE's?

Answer: No one is playing games with our FTE's. Satisfaction of needs does not necessarily require the hiring of additional personnel.

YELLOWSTONE FIRE REHABILITATION

An additional $2.8 million has been requested for the second year of the Yellowstone Fire Recovery Plan. Funding for the first year of the plan would be through a reprogramming which proposes $3.0 million for fire related interpretation and resource management projects.

Of the $2.8 million, $1.6 million is requested (pg. 61) in Maintenance to rehabilitate 400 miles of back-country trails, clear roadside drainage ditches and continue snag removal.

An additional $1.2 million is requested in FY 90 in Resource Management for aerial photography, database analysis and research.

The reprogramming proposes to shift $3.0 million from the Regional Repair and Rehabilitation Programs of the Service on a pro rata basis, to finance the recovery program. Of the $3.0 million, $1.8 million is proposed for exhibits in Yellowstone, Glacier, and Grand Teton National Parks. The remaining $1.2 million is proposed for Park Monitoring and Research in the three parks.

Because of the summer tourist season, I will do my best to move this reprogramming quickly.

33. Question: If the reprogramming is approved by April 15, will interpretation exhibits be completed for the summer season?

Answer: We estimate that all but one of the exhibits will be completed in May and June. The remaining exhibit is estimated for completion in July.

34. Question: How does the reprogramming relate to the $10.0 million transferred using the Secretary's emergency authority?

Answer: The emergency authority applied only to rehabilitation of facilities and restoration of lands burned by the fires. The projects to be funded by reprogramming do not qualify under those emergency authority categories, but are important parts of the fire recovery plan. They generally have to do with interpretation and research of the fires.

35. Question: What is proposed for outfitters, guides, etc. who lost equipment in the parks during the fire?

Answer: There are no provisions in the fire recovery plan to replace privately-owned equipment.

YELLOWSTONE VISITATION

In 1987 there were 2.5 million visitors in Yellowstone. Due to the fires, this number dropped to 2.1 million in 1988. Yet the visitation for the month of October was the largest in park history.

36. Question: Can you update us on the visitation since October?

Answer: Visitation for October 1988 was at an all-time high at 175,019, up 39.35 percent over the previous October. In November 1988, visitation was down 4.66 percent from the previous November at 20,287. In December 1988, there were 20,670 visitors, 4.45 percent less than the previous December. In January 1989, there were 25,954 visitors, down 5.65 percent; in February 1989, there were 32,328 visitors, down 13.54 percent; and in March 1989, there were 24,260 visitors, up 21.06 percent.

For the entire year of 1988, visitation was down 15.25 percent from 1987, with a total visitation of 2,219,128. However, 1987 was a record year with 2.6 million visitors. We view 1988 as a very good year with 2.2 million visitors.

37. Question: What plans have you made to accommodate this visitation?

Answer: Based strictly on statistics, an increase in visitation for 1989 is not necessarily a valid assumption. As of March 24th, advanced summer room reservations were actually down by 13.8 percent from the same date in 1988. Throughout the winter, additional efforts have been made towards a public education program. Many personal contacts have been made with school groups, civic organizations, etcetera, to tell the story of the fire in Yellowstone National Park, to assure the general public that Yellowstone is "alive and well" and to encourage them to visit the park. We have also been planning a wide variety of new services and exhibits for visitors which will tell the fire story of 1988.

38. Question: What sort of preparations have you seen from businesses impacted by the fires to deal with this increase in visitation?

Answer: The businesses in the gateway communities are hoping for increased visitation to Yellowstone this summer. They have been working closely with the travel commissions for the States of Idaho, Wyoming, and Montana, as well as local chambers of commerce, on promotional campaigns to make sure the public knows Yellowstone is open, alive, and well.

YELLOWSTONE RESEARCH

The National Wildfire Coordinating Group (NWCG) is the longstanding interagency coordinating mechanism for forest fire management and research. Membership includes one member from: the Park Service;

Bureau of Land Management; the Fish and Wildlife Service; the Bureau of Indian Affairs and the Forest Service.

I am told that this group has met and has prepared some sort of a research plan for the Greater Yellowstone Area fires.

39. Question: How does the reprogramming relate to this research plan?

Answer: The reprogramming request includes $1.2 million for monitoring and research activities. The research plan will provide guidance for effective expenditure of these funds.

40a. Question: Can you bring the subcommittee up to date on the activities of this effort?

Answer: Over 300 Government and university scientists recommended the agencies pursue 140 post-fire research topics. These topics were ranked and prioritized by a panel of Federal and university scientists and managers. Projects will be funded beginning with priority number one and will continue until funds are depleted.

40b. Question: Does a research plan exist?

Answer: The research plan is scheduled to be published in its entirety in May 1989.

40c. Question: Is the research plan fully funded in FY 89 and FY 90?

Answer: We estimate that a total of about 10 percent of the identified projects will be funded through funds proposed for reprogramming in fiscal year 1989 and funds requested for fiscal year 1990. The cost of all proposed research is estimated to total $15,960,000.

41. Question: How much have you requested in the FY 90 budget?

Answer: The fiscal year 1990 budget request includes $1.2 million for monitoring and research of the 1988 fires ($820,000 for Yellowstone, $160,000 for Grand Teton National Park, and $220,000 for Glacier National Park).

42. Question: Please provide for the record the complete research plan separated by agency and fiscal year and the amount requested in the FY 90 budget.

Answer: The research plan and the other information requested are still being developed at this time and will be forwarded to the committee upon completion. We expect this information to be available by late May 1989.

KREJCI TOXIC WASTE CLEANUP

An additional $4.0 million has been requested in FY 90 to continue cleanup of the Krejci Dump Site, located on land included in the Cuyahoga Valley National Recreation Area. This site has been classified as an "emergency" toxic waste site. In FY 89, $4.5 million was provided to begin cleanup activities.

In the FY 89 justification, the Service indicated that the total cost for the Krejci Dump Site will exceed $11 million over the next few years. The FY 90 justification, however, indicates that this year's request will complete all anticipated storage and contamination removal activities except for final site restoration.

43. Question: Is the site restoration the only difference between the $8.5 million estimate in the FY 90 budget and the $11 million estimate in the FY 89 budget?

Answer: At the time the 1989 and 1990 budget estimates were prepared, the total cost of the Krejci Dump Site initiative was estimated at approximately $11.5 to $12 million, including $1.2 million to reimburse the Environmental Protection Agency (EPA) for superfund monies expended in support of emergency containment initiatives on the east side of the site, $2.3 million for the balance of containment of hazardous materials found onsite, $1 million to conduct a Remedial Investigation/Feasibility Study (RI/FS), $3.5 million for removal and disposition of all hazardous material from the site, and $4 million for remedial site restoration action.

Since the 1989 and 1990 budget estimates were developed, the total dollar estimate for this cleanup initiative has increased due to higher emergency stabilization costs which were incurred and reimbursed to the EPA, higher cost estimates of hazardous waste disposal, and the discovery of additional contaminated materials on the west side of the site. Total reimbursement to the EPA by the Service was $1.8 million in lieu of the $1.2 million originally estimated to be required. In addition, with the discovery of additional contaminated material on the west side of the site, the cost of containment will increase from the original estimate.

The additional contamination, discovered on the west side of the site, involves approximately 2 million cubic yards of dirt, which could go down to a depth of as much as 20 feet. The full extent of the contamination will not be known until cleanup of the west side is underway. The $2.7 million balance of the $4.5 million provided in 1989 (after $1.8 million for EPA reimbursement) will be used in 1989 to complete east side containment initiatives and start containment on the west side. Approximately 4,600 barrels of hazardous or toxic materials have been contained to date in 1989, and the balance of the $2.7 million available is expected to be exhausted by summer.

Current estimates are in addition to the $4.5 million appropriated to date and the $4 million requested in 1990. An additional $6.8 million or a total of $15.3 million will now be required to complete this initiative. This total amount will provide for all containment, removal/disposition and remedial action necessary, as currently envisioned. As stated above, there is some uncertainty as to the full extent of west side contamination, and this will impact on the total resources required to address the situation. More definitive information will be available after disposal of all material contained to date has been accomplished and cleanup of the west side begins.

44. Question: If so, why don't you plan on requesting funds to complete the job?

Answer: The current total dollar estimate of $15.3 million is based on the current cost of removal and disposition of hazardous material and is subject to change over time since the cost of removal and disposal is constantly increasing. In light of the need to limit Federal spending and in an effort to reduce the deficit, the full amount of funding required for this initiative has not been requested in 1990. Funds requested to date have been to address the higher priority, containment and removal/disposal portion of the cleanup initiative, with the lower priority remedial action planned for later years.

45. Question: If not, what is the difference in the estimates?

Answer: The estimates reflected in the 1989 and 1990 budgets were based on the latest available information at the time regarding estimated cost of cleanup at the site. The estimates were based on the same assumptions, except the $4 million for site restoration was not addressed in the 1990 budget.

46. Question: What is the status of cost recovery efforts?

Answer: The park and Regional Office staff are working with the Regional Solicitor, in conjunction with the EPA, continuing to document Potential Responsible Parties (PRP's). The Service will eventually seek mutual negotiation for settlement or file a court suit for compensation in an attempt to recover costs associated with this cleanup initiative. This cost recovery effort will be a lengthy process and is not expected to be completed for 2 to 3 years.

HAZARDOUS MATERIALS POLICY

In the FY 89 conference report, language was included directing the Service to prepare a policy statement relating to acquisition or donation of lands with toxic or hazardous materials. The Committees were concerned that since there was no well stated policy with respect to these acquisitions, the Federal exposure could be very large.

47. Question: What is the status of a hazardous materials policy?

Answer: On December 15, 1988, the Secretary of the Interior issued an order regarding inspection of lands for hazardous materials before acquisition. Guidelines for implementing Secretarial Order Number 3127 have not been prepared. Guidelines are to be prepared jointly by the Office of the Assistant Secretary for Policy, Budget and Administration, and the land-acquiring bureaus of the Department. In the interim, cursory surveys are being conducted by park employees. If no potential for hazardous substances is apparent, a certificate to that effect is prepared and forwarded for the concurrence of the Assistant Secretary for Fish and Wildlife and Parks prior to acquisition of the land. If a potential for hazardous materials is observed, acquisition is deferred until a more thorough study can be undertaken.

VISITORS FACILITIES FUND

Public Law 97-433 established the National Park System Visitor Facility Fund (VFF). Under this law, National Park concessioner franchise and building use fees are used to fund the Visitor Facility Fund Program (pg. 291).

The current authority expires September 30, 1989, and all remaining balances at the time will revert to the General Treasury. Fund Balances are expected to total $28 million at the end of FY 89.

At last year's hearing, the Service responded to a question in the record and stated that the Service and the Department would give consideration to reauthorize the fund in one form or another.

48a. Question: What is the status of VFF?

Answer: Concession fees due and owing to the United States for providing visitor accommodations and services in units of the National Park System are credited to the Visitor Facilities Fund until September 30, 1989. After that date, the unappropriated balance in the fund will be transferred to miscellaneous receipts of the Treasury. The Administration estimates that $28,309,000 will be in the Visitor Facilities Fund at the end of fiscal year 1989.

48b. Question: Do you plan to propose reauthorization?

Answer: The budget estimate for fiscal year 1990 does not propose reauthorization. The National Park Service has no plans to propose such legislation.

WOLF STUDY

In FY 89, $200,000 was provided to study questions which have been raised relating to the return of the wolf to the Yellowstone National Park (pg. 78). There were a variety of issues to be included in the study.

49. Question: What is the status of the study?

Answer: The study is in process under four separate but related inquiries, and all four are targeted for completion in December 1989. The four categories of study will respond to the following questions:

1. Should wolves be controlled from inside or outside the park?

2. What kind of an effect will a population of wolves and their dependency on prey have on big game hunting in areas surrounding the Park?

3. What kind of an effect will the wolves have on grizzly bears?

4. Which areas of the park would be best for the wolves to thrive in and which areas would be designated for their restriction?

ALASKA RESOURCES MANAGEMENT INITIATIVE

The budget indicates that Alaska is critically short of park level resource management personnel to manage units in Alaska (pg. 70). To begin dealing with this problem, $750,000 is proposed to be used from the Director's discretionary fee revenue account to address the dual mandate of preservation and use of the parks.

Of these funds, $120,000 is proposed for archeological work at Katmai and Yukon-Charley Rivers (pg. 70), and $630,000 is proposed to aid research and monitoring of marine life and commercial fishing (pg. 77) at a variety of other parks in Alaska.

50a. Question: Is destruction of archeological areas the greatest cultural resource threat?

Answer: Yes, the potential loss of archeological resources due to both intentional and inadvertent actions is the major threat to the cultural values of national parklands in Alaska.

50b. Question: And is marine life the greatest natural resource threat to parks in Alaska?

Answer: While threats to the marine life of coastal Alaska parklands are significant, the $630,000 proposed for natural resources studies extends far beyond marine life and commercial fishing. The information provided on page 77 in the National Park Service budget also includes funds for inventory and monitoring studies involving vegetation, soils, birds, mammals and ecosystem productivity; collection of wildlife harvest data and studies on basic subsistence uses; and, computerized resources mapping and monitoring activities. The scope of this work involves all national parklands in Alaska.

51. Question: If not, what is, and why weren't funds requested for the greatest threat?

Answer: The proposed disbursement of $750,000 from the Director's discretionary fee revenue account in fiscal year 1990 will be expended on the greatest resource threats currently identified.

The Park Service will acquire some specific, immediate information that will be useful in documenting longer term needs. Arguably, the greatest threat to the natural resources is consumptive uses for subsistence and sport purposes. However, information on the condition of these resources and the uses to which they are subjected is lacking.

It is probable that a recurring operating increase will be needed for the Alaska parklands if the Park Service is to systematically acquire and utilize the resources information needed to prudently manage these lands over the longer term.

52. Question: If so, what are the plans for these areas beyond this budget?

Answer: A longer term plan would commit significant numbers of resource specialists and dollars to ecosystem research and basic inventory efforts. Both acquisition of data and the information so gained would be shared with State and other Federal agencies as well as the academic community.

The choice to emphasize research and resources management reflects the character of the national parklands in Alaska--they are the Nation's largest (representing 68 percent of the acreage of the National Park System), rich in resources, with little visitation and few of the amenities associated with parks in the lower 48 States. Yet, they also are subject to unprecedented levels of subsistence and other consumptive uses, and access to the Alaska parklands is virtually unlimited. To achieve success, funding would have to be committed over a long period. Baseline data, let alone knowledge of changes and their causes, cannot be obtained in a single or even several field seasons.

INFORMATIONAL PUBLICATIONS

An additional $1.0 million (+27 percent) is requested to ensure that park brochures are available to more park visitors and to increase the number of foreign language brochures (pg. 80).

Production of folders has dropped from 22.5 million folders in fiscal year 1988 to 16.5 million folders in fiscal year 1989. During this time, however, funding for publications has remained level.

53. Question: Why has there been a decrease in production?

Answer: Inflationary increases in production costs have resulted in the publication of fewer folders despite the fact that funding has remained constant in the publications program.

VOLUNTEERS IN PARKS

You have again requested $750,000 for the Volunteers in Parks program. This program reimburses volunteers for incidental expenses. The FY 90 budget indicates that for every dollar spent on the program, $25 worth of voluntary work is provided (pg. 87).

Other land agencies have been successful with "Challenge Cost-Share", which leverages federal dollars with state or private funds. Has the Service ever contemplated the use of a challenge cost-share program?

54. Question: Where would it be best tested? Most useful?

Answer: The Service has undertaken a preliminary review of the "Join Us" (U.S. Forest Service) matching grant program in order to assess what benefit a similar program could be to the National Park System. The Service believes a matching grant program is feasible and is continuing its review of the Forest Service program. A formal proposal on how a matching grant program tailored to park needs could be implemented will be completed shortly.

RESCISSIONS

As part of the Reagan budget, the Department proposed to rescind $65 million in Federal Land acquisition appropriations. Of this amount, $30 million was to come from the U.S. Fish and Wildlife Service, and $35 million from the National Park Service. The rescission was proposed to offset the expected cost of the legislative taking of the Manassas Battlefield park.

I was told informally that these rescissions were going to be withdrawn, but in fact 45 days may have expired anyway.

55a. Question: What is the status of the rescission?

Answer: The National Park Service rescission was formally withdrawn by the Administration before the 45 days had expired.

55b. Have the funds been released?

Answer: Yes, the Office of Management and Budget signed a revised apportionment on February 28, 1989, making the funds available again.

LAND ACQUISITION

The Bush Budget indicates that $206 million will be requested in FY 90 for land acquisition for the agencies. It is my understanding that there is an attempt to prioritize acquisitions among the agencies. If successful, the priority system may provide the Park Service with all of the $206 million or none of the $206 million or something in between.

56. Question: What is the status of the request and priority system?

Answer: The Office of Management and Budget (OMB) and the Departments of Agriculture and the Interior developed a land acquisition priority system to assist with the allocation of the $206 million revised budget request among the four participating bureaus; National Park Service, Bureau of Land Management, Fish and Wildlife Service and the Forest Service. On May 12, the Department transmitted to the Chairmen of the House and Senate Appropriations Subcommittees for Interior and Related Agencies the President's fiscal year 1990 budget proposals for land acquisition from the Land and Water Conservation Fund. These proposals included lists of projects for the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management. The total amount listed for land acquisition for the National Park Service is $69,459,000. We understand that the formal budget amendments will be submitted to the Congress by the Office of Management and Budget within a few days.

57. Question: If funds are requested, do you anticipate any offsets will be required in the Park Service budget? Department budget?

Answer: It is our understanding that no specific offsets will be required in the National Park Service or the Department of the Interior budgets.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

THE PETROGLYPHS

In FY 87, I obtained funding for a study of Albuquerque West Mesa Escarpment and the thousands of ancient Indian petroglyphs that it contains.

That report, entitled "New Area Report/Study of Alternatives--Albuquerque West Mesa Petroglyph Study," was provided to OMB for review in February of last year. OMB has yet to complete its review of that report.

In fact, only after I inquired into the status of OMB's review of the document during the confirmation hearings of Interior Secretary Manuel Lujan, Jr., did OMB discuss the report with the National Park Service.

In January, I reintroduced the Petroglyphs National Monument bill. This legislation is needed to protect Albuquerque West Escarpment and the thousands of ancient rock carvings it contains from being destroyed by rapidly encroaching development. If we fail to pass my bill, this magnificent resource, which forms a scenic boundary of Albuquerque and contains an important part of the City's history, will be lost.

I expect that, very shortly, hearings will be held on my bill in Albuquerque.

Both Secretary Lujan and I have a strong personal stake in this project. He and I introduced the original legislation to create the Petroglyphs National Monument last year. I have

reintroduced the bill this year, and Secretary Lujan has reaffirmed his personal commitment to the national monument since becoming Secretary.

Furthermore, the petroglyphs project affords the President an excellent opportunity to demonstrate his commitment to the Principles for Preserving and Expanding Recreation Lands, as spelled out in his report Building a Better America.

1. Question: When will Congress be provided with a copy of the National Park Service report on the petroglyphs?

Answer: The National Park Service study of alternatives for the Albuquerque West Mesa Petroglyphs was transmitted to Congress on April 27, 1989.

ARCHAEOLOGICAL RESOURCES

On public lands across our Nation, pothunters and other archaeological looters are digging through ancient Indian pueblos, historic Spanish shipwrecks, and the graves of Civil War soldiers and Native Americans, then stealing artifacts for a collection or sale. About 44,000 of the 136,000 known archaeological sites in the Four Corners States of New Mexico, Arizona, Colorado, and Utah have already been looted.

In 1979, Representative Udall and I wrote the Archaeological Resources Protection Act. It toughened the laws protecting sites on Federal lands and imposed criminal penalties for unauthorized excavation or damage of archaeological resources.

Last year, I authored two bills to tighten the requirements of ARPA. Each became law.

One of them lowered to $500, from $5,000, the amount of damage the government must show to arrest a pothunter as a felon. The law also makes it a crime to "attempt" to loot an artifact on Federal land. Further, it requires federal land managers to develop educational programs to show the public the significance of our vast archaeological resources.

The second new law directs Federal agencies to develop plans and schedules for surveys of their lands to determine the extent of the archaeological resources on those lands. Each agency is also directed to develop procedures to report suspected incidents of looting.

Both new laws are important in preserving our heritage. But we need to do more. We need the money to enforce the laws.

In FY 88, at my urging, the Congress raised the National Park Service, BLM, and Forest Service budgets for cultural resource management by $1.6 million, with another $1 million for the Department of Justice to prosecute pothunters. In FY 89, at my suggestion, Congress raised the budget for cultural resources management for the three agencies to $71.5 million.

Despite the strong directive and increased funding for resource protection from the Congress, there are poor organization

and coordination of our Federal anti-looting program. We need to increase the cooperation and coordination among the Federal agencies that share the responsibility for protecting our cultural resources.

Recently, the National Park Service, the Forest Service, and BLM drafted a plan for the establishment of an interagency working group in Albuquerque, New Mexico, of law enforcement and legal professionals whose primary purpose would be to halt the illegal excavation and trade in artifacts. This would cost only $225,000.

2. Question: Does the National Park Service share my commitment to this effort?

Answer: The National Park Service shares the Senator's concern about the looting of the archeological heritage of America and is committed to first reducing it, and ultimately eliminating it, within the resources that are available to fight the problem.

The Congress increased the fiscal year 1989 budget of the Park Service by $100,000 in order to better coordinate Federal archeological activities, including the fight against archeological looting. These funds have been used by the Departmental Consulting Archeologist and his staff to provide training for law enforcement personnel, archeologists, and managers on how to fight looters in the field and through the courts. This training is being offered at 13 different locations around the country this year. Another portion of this money has been used to improve information exchange between Federal agencies. Two clearinghouses have been expanded and the ability to provide information from them improved. One of clearinghouses, LOOT (the Listing of Outlaw Treachery) contains summary information about prosecutions of archeological looters and vandals. The second clearinghouse, LEAP (the Listing of Education in Archeological Projects) contains summary information about public education efforts and products done as part of archeological projects. Additional national interagency efforts include: The Federal Archeology Report, a newsletter to Federal and State personnel concerned with archeological preservation, cooperation with the Society for American Archaeology, other Federal agencies, and other organizations to develop a national program to fight archeological looting, and a coordinated campaign to distribute millions of book marks promoting archeological preservation through public schools, libraries, museums, and other public organizations across the nation. Many of these efforts are possible because of a Federal interdepartmental working group that we set up in 1986 to improve public awareness of archeology. The public awareness working group includes representatives of the departments of Interior, Agriculture, Defense, Health and Human Services, Veterans Affairs, and Transportation, the Tennessee Valley Authority, the Environmental Protection Agency, and other organizations. Similar interdepartmental working groups have been established and are operating through our Archeological Assistance programs in Philadelphia, Atlanta, Denver, San Francisco, and Anchorage.

In addition to the national coordinating efforts, National Park Service Regional Offices and local units have been encouraged to cooperate at their level with other Federal, State, and local agencies to fight archeological looting. In addition to the example of this in New Mexico that the Senator mentions in his

question, Park Service offices are cooperating with others in Arizona, Utah, and other States throughout the country. The Senator is correct in pointing out that available resources allotted to this activity are central to the effectiveness that is possible. Within the current budget, the Service is doing as much as is possible.

EL MALPAIS AND THE MASAU TRAIL

In 1987, I steered the El Malpais/Masau Trail Act, P.L. 100-225, through the Senate. This new law protects the spectacular lava flows of El Malpais near Grants, as well as the surrounding lands. It sets aside a 114,00-acre area as El Malpais National Monument, then surrounds it with a 261,000-acre El Malpais BLM National Conservation Area.

Another exciting provision in this law is the creation of the Masau Trail, an automobile touring route linking the riches of our many historic, cultural, and natural sites in northwestern New Mexico: Aztec Ruins, Bandelier, El Malpais, El Morro, and Pecos National Monuments, the Chaco Culture National Historical Park, and other important areas.

Because of funding constraints, this new national monument has not become operational. We need to provide funding to the National Park Service for land acquisition and construction in order for the public to enjoy this unit.

3. Question: How much is needed for land acquisition at El Malpais National Monument to acquire the Candelaria Ice Caves Property and the proposed site of the multi-agency Masau Trail Visitor Center and other high priority acquisition area?

Answer: An appropriation of at least $6 million would be required to acquire the highest priority areas, including the Candelaria Ice Caves Property and the information center site. The fiscal year 1990 budget request has been amended to include $3.5 million to acquire the Ice Caves and the tracts along the highway leading to the caves.

4. Question: How much is needed for operations for the El Malpais National Monument?

Answer: A total of $570,000 has been identified as the upgraded level for operational requirements at El Malpais National Monument. This would represent an increase of $299,500 above the proposed 1990 base of $269,500 for the monument. The additional funds identified would allow for implementation of a more complete maintenance program, provide seasonal employees in interpretation and resources management, and allow for the purchase of needed equipment, such as radios for backcountry communications.

5. Question: How much is needed for operation of the Masau Trail?

Answer: A total of $85,000 is requested in 1990 for initial startup costs at Masau Trail. An additional $65,000 would allow for full operations.

6. Question: How much is needed for the design of the El Malpais Multi-Agency Visitor Center?

Answer: An amount of $100,000 would be sufficient to initiate design of the El Malpais Visitor Center in fiscal year 1990.

MANASSAS NATIONAL BATTLEFIELD PARK

7. Question: What is the status of Manassas land acquisition?

Answer: On November 10, 1988, Public Law 100-647 revised the boundary of Manassas National Battlefield Park to include an additional 600 acres. The act vested title in the United States to the lands included in the boundary, thereby effecting a legislative taking. The taking included three large tracts owned by developers and three residential tracts. On the date of taking, no funds were deposited with the court since just compensation had not yet been determined. If, within one year after the date of the taking, a settlement has not been successfully negotiated, the act authorizes the Secretary to initiate court proceedings to determine just compensation.

The Department of Justice has ordered appraisals for the three large tracts. The appraisals are scheduled to be completed in June 1989. Appraisals have not yet been ordered on the three residential properties. Some of the owners of the residential tracts do not believe that their properties should have been included in the taking. Legislation is being considered to exempt the three residential tracts from the taking.

Following review and approval of the appraisals, settlement negotiations will commence. Any settlements reached will be paid out of the Claims and Judgment Fund. Attempts will be made to arrange life estates or other use-and-occupancy arrangements with the owners of the three residences along the eastern side of the lands taken. In the absence of a negotiated settlement, the Department of Justice will be asked to commence proceedings in the Federal District Court.

8. Question: Do you expect to complete the purchase of this property in FY 1989? How much will it cost?

Answer: Until appraisals of the lands taken are completed and approved, the cost of the taking is unknown. The Department of Justice has ordered appraisals for the three large tracts. The appraisals are scheduled to be completed in June 1989. Appraisals have not yet been ordered on the three residential properties. Legislation to exempt the residential tracts from the taking is under consideration. Settlement negotiations with the owners will begin after appraisals are obtained and approved. We hope that the negotiations will be completed in fiscal year 1989.

9. Question: The Reagan budget proposed to fund the Manassas acquisition by rescinding $30 million in the Fish and Wildlife Service's land acquisition funding and $35 million in Park Service land acquisition funding. Has the Bush Administration withdrawn these proposed FY 1989 rescissions?

Answer: The rescission was formally withdrawn by the Administration and a revised apportionment on February 28, 1989, made the funds available to the Park Service.

10. Question: There were press reports that a couple of families would be forced out of their homes because of the legislative taking of the Williams tract. Is this the case?

Answer: Upon enactment of Public Law 100-647 on November 10, 1988, title to three residential tracts included in the legislative taking was vested in the United States. In the absence of legislation to exclude the tracts from the taking, appraisals will be obtained and settlement negotiations with the owners will begin. Attempts will be made to arrange life estates or other use-and-occupancy terms with the owner-occupants of the residential tracts.

CARLSBAD CAVERNS NATIONAL PARK

Carlsbad Caverns National Park, the only National Park in New Mexico, is a truly world-class site. There are currently 75 known caves within the Park including Lechuguilla Cave which recent explorations have disclosed is the second longest deep cave in the United States.

Carlsbad Caverns National Park attracts visitors from around the world and is very important to the economy of the city of Carlsbad and the entire southeastern region of New Mexico. It is estimated that the Park adds $40 million per year to the area economy.

I am concerned about several recent developments at the Park.

First, the Superintendent's position at Carlsbad Caverns National Park has been vacant for almost a year.

Second, the base appropriation for Carlsbad Caverns National Park has not increased in 10 years, and in fact was reduced by $122,000 last year through transfers for the Regional Office and the withdrawal of funding for the Joint Carlsbad Caverns-Guadalupe Mountains Administrative Office. As a result, needed maintenance projects and improvements have been deferred.

Finally, Carlsbad Caverns National Park is 3 to 6 months behind in paying its vendors and some vendors are threatening to cease doing business with the Park?

11. Question: When will a new Superintendent be appointed for Carlsbad Caverns National Park?

Answer: A selection has been made by the Park Service. The new Superintendent will report for duty on June 4, 1989.

12. Question: How much is needed for base operations at Carlsbad Caverns National Park to adequately fund park management, resource protection, and research?

Answer: For 1990, the National Park Service has proposed an increase of $863,000 over the 1989 level at Carlsbad Caverns

National Park. If enacted, this amount would be sufficient to adequately fund base operations at the park.

13. Question: Why is Carlsbad Caverns National Park not able to pay its bills in a timely manner?

Answer: During the past year, the National Park Service has been consolidating its financial operations at one location in Reston, Virginia. The new central finance office assumed the financial operations of the Southwest Regional Office, which previously paid the bills for Carlsbad Caverns National Park, on October 1, 1988. Due to staffing shortages during the transition and delays throughout the system in adjusting to new procedures necessitated by the consolidation, payments were delayed after the central finance office took over payment responsibilities.

We believe that the problems causing late payments have been overcome. Since January 1, 1989, there have been 96 payments processed for Carlsbad Caverns National Park. Of the 96, only 3 payments were late as defined by the Prompt Payment Act. We are continuing to make improvements in our procedures with the objective that there be no late payments.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

WOLF HUNTING IN NATIONAL PRESERVES

1. Question: Under what authority did the NPS publish regulations restricting land and shoot wolf hunting in National Park Preserves? Why didn't the NPS go through the State Board of Game as required under the MOU with the State?

Answer: The National Park Service (Alaska Region) under procedures outlined in 36 Code of Federal Regulations 13.30(d)(f) placed a 1-year restriction on same-day airborne hunting of wolves in National Preserves, effective November 21, 1988. This National Park Service action followed almost a year of unsuccessful attempts to resolve with the State of Alaska modification of State game laws pertinent to same-day airborne hunting of big game.

The State of Alaska Department of Fish and Game (ADF&G) initiated a regulation change in the spring of 1988 that allowed wolves to be hunted on the same day airborne, as are big game animals. This regulation change affected eight national preserves. The Board of Game met in the spring of 1988 but timing made it impossible to submit a proposal for board deliberation concerning the new regulation of the State. The Park Service submitted such a proposal on September 15, 1988, for consideration at the November Board of Game meeting. In late October, the Park Service received a response from ADF&G indicating that wolves were not on the agenda for the November meeting and the Board of Game would not accept the Park Service proposal.

National Park Service staff attended the November 1988 Board of Game meeting in Juneau and formally requested that the Board of Game alter its agenda for the spring 1989 meeting to accept a proposal from the Service to prohibit same day airborne hunting in

national preserves. The Board of Game rejected the request, stating that wolves would be on the agenda for the fall 1989 meeting.

The National Park Service made every attempt possible to work within the Board of Game process and every attempt was rejected. The memorandum of agreement does not "require" the National Park Service to go through the State Board of Game but states the National Park Service agrees:

> "3. ...to utilize the State's regulatory process to the maximum extent allowed by Federal Law in developing new or modifying existing Federal regulations or processing changes in existing State regulations governing or affecting the taking of fish and wildlife on Service lands in Alaska."

TANALIAN ENTITLEMENT

2. Question: Please explain why the NPS is willing to recognize Tanalian's status as a "Native group" if its land entitlement is cut in half, but will not recognize the group if it insists on its full land entitlement.

Answer: In 1979 Tanalian was determined ineligible as a Native group. Tanalian appealed and the decision was reversed in 1988 by the Office of Hearings and Appeals. The Park Service appealed this decision to the Interior Board of Land Appeals. While the Park Service believes there is a reasonable basis for its appeal, it has been involved in settlement negotiations with Tanalian. Both Tanalian and the Park Service have been active participants in the settlement negotiations. The initial Park Service settlement offer suggested that Tanalian accept half entitlement. This was rejected by Tanalian and is not being considered further. A second settlement offer is currently being evaluated. If a settlement is not reached, the appeal process will continue to a final decision by the Interior Board of Land Appeals.

LAKE CLARK NATIONAL PARK AND PRESERVE

3. Question: On October 28, 1988, NPS entered into a contract with the Kijik Corporation and Bristol Bay Native Corporation to purchase conservation easements in Lake Clark National Park and Preserve. This is the second phase of a comprehensive agreement to purchase easements near Tazimina Lake. What is the purchase price of Phase II of the Tazimina agreement?

Answer: The purchase price of phase II of the Tazimina agreement is $2.4 million. This acquisition would complete protection of the Tazimina drainage.

DENALI NATIONAL PARK AND PRESERVE

4. Question: Because of the difficulty they have encountered in working their mining claims in the Kantishna region of Denali National Park and Preserve, the Leo Mark Anthony family has expressed an interest in selling its inholdings to the Service. Is the Park Service interested in buying out the Mark Anthony's

inholdings? If so, how much do you estimate the land acquisition would cost?

Answer: Yes, the National Park Service is interested in purchasing the Mark Anthony's inholdings. The cost estimate for acquisition of the Mark Anthony's inholdings is $3.5 million. A recent estimate of "only" the cost of the land and improvements is $3.1 million; this figure does not, however, include relocation and other acquisition costs.

GATES OF THE ARCTIC NATIONAL PARK AND PRESERVE

5. Question: The Bud Helmericks' family has had similar problems in Gates of the Arctic National Park and Preserve. Bud was a master guide for many years until his guiding area was closed under ANILCA. He lost his livelihood under that bill and efforts to compensate him for his loss have been unsuccessful. To make a living he has had to resort to catching fish and selling them as dog food. He is interested in selling his property within the park including his guiding cabins and the cabin which has been his home for most of his life. Is the Park Service interested in acquiring Bud Helmericks' holdings in Gates of the Arctic? If so, how much do you estimate the land acquisition would cost.

Answer: Yes, the National Park Service is interested in acquiring the Helmericks' inholdings in the Gates of the Arctic National Park and Preserve. The preliminary price estimate for the four Helmericks' parcels was $1,179,000. However, since that estimate did "not" include relocation and other acquisition costs, and recent information indicates that Mr. Helmericks may have sold one of the four parcels to a private party, the estimated acquisition cost will have to be revised.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

NATCHEZ NATIONAL HISTORICAL PARK
FORT ROSALIE

1. Question: Does Public Law 100-479 require that Fort Rosalie be designated as a National Historic Landmark before it is eligible for inclusion in the Park?

Answer: No. There is no requirement that the Fort Rosalie site be designated a National Historic Landmark. Public Law 100-479 states that it "shall be included within the park only if the Secretary of the Interior... determines that the historic resources of Fort Rosalie are of sufficient national significance and integrity to warrant inclusion in the National Park System."

The Secretary shall make the determination after receiving a joint recommendation from the Governor of Mississippi, the Mayor of the city of Natchez and the State Historic Preservation Officer. This recommendation shall be based upon supporting scholarly research.

2. Question: Has the National Park Service made any arrangements to determine the cost of properties at the Fort Rosalie site in the event the site is approved for purchase?

Answer: Yes. The National Park Service made cursory estimates for the entire project during the preparation of the August 1988 planning document--Alternative Study for a Proposed National Park Unit in Natchez, Mississippi. These estimates have not been approved or released.

3. Question: If not, how long will that process take?

Answer: While we do have estimates, these estimates must go through an approval process that is expected to take until mid-June 1989.

4. Question: Is the National Park Service prepared to assist in any excavation necessary to determine the archeological significance of the Park site?

Answer: Yes. The National Park Service stands willing to assist the State in any archeological investigations at the Fort Rosalie site, if permission can be obtained from the many landowners, and provided that adequate funding is made available for pursuit of the studies. Because the State has the lead role in determining the significance and integrity of the Fort Rosalie site, the role of the National Park Service is one of assistance, if requested and paid for by the State.

NATCHEZ TRACE PARKWAY

5. Question: What progress has been made to designate a route for extending the Natchez Trace Parkway into the city of Natchez and to the Mississippi River?

Answer: Teams from the National Park Service and Federal Highway Administration visited Natchez in March 1989 to gather additional data required for the preparation of a study on the feasibility of extending the Natchez Trace Parkway into the city of Natchez. This report, required by Public Law 100-479, is due to the Congress by October 1989.

QUESTIONS SUBMITTED BY SENATOR MARK O. HATFIELD

JOHN DAY FOSSIL BEDS NATIONAL MONUMENT

1. Question: In addition to my strong interest in the progress of the plans for Crater Lake National Park, I also would appreciate an update on the Park Service plans for the John Day Fossil Beds National Monument established in 1975. I have reviewed the 1979 General Management Plan and its updated Development Concept Plan of 1985 in which very detailed plans were mapped out to develop a park and visitor facilities at the Monument. Please advise me of the status of this plan within park priorities.

Answer: Construction of the Thomas Condon Visitor Center is the most significant project proposed in the above-mentioned plans,

is the top park priority, and is a high Regional priority. However, due to budget restraints and more pressing health, safety and resource protection needs, no planning or construction is planned for the immediate future.

2. Question: Is the Plan at a stage where it can be implemented in FY 90?

Answer: The plan is at a stage where comprehensive site planning and facility design for the visitor center could begin in fiscal year 1990, if it were not for higher priority projects.

3. Question: What is the overall cost of the project?

Answer: The overall cost is estimated at $630,000 for planning and design and $3 million for construction. The construction estimate is a very preliminary figure based on similar facilities, and could change significantly as more information becomes available during the planning and design process.

4. Question: What funds would be needed in FY 90?

Answer: No funds are requested in fiscal year 1990. An amount of $357,000 for phase I for planning and design could be obligated.

5. Question: The State of Oregon and the local community are interested in contributing to the cost of the project. Is this an arrangement in which the Park Service would be willing to participate and does the strong local support contribute to the projects's priority within your agency?

Answer: The Department of the Interior and the National Park Service promote and solicit partnership with State, local government and private entities, and would be more than willing to participate in eventual cost sharing with the State of Oregon and the local community. The priority of the John Day Fossil Beds project within the National Park Service will continue to be determined by competing health and safety, resource management and visitor services considerations Servicewide.

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

NATIONAL CONSTITUTION CENTER

1. Question: On September 16, 1988, President Reagan signed into law the "Constitution Heritage Act" (P.L. 100-433) which established the National Constitution Center in Philadelphia, Pennsylvania. This new law authorizes the Secretary of Interior to enter into a cooperative agreement regarding the creation and operation of this Center. Please provide a comprehensive status report as to what actions the National Park Service has taken to date regarding establishment of the National Constitution Center. How, and in what amount, does the Park Service plan to fund this project in FY 1990? Also, please provide a timetable for

additional actions which are necessary in establishing this Center and the National Park Service's plans in this regard.

Answer: The Service issued an activation memorandum to the field on November 23, 1988, in order to institute provisions of the Constitution Heritage Act of 1988. A meeting was held in January 1989 between the Regional Director of the Mid-Atlantic Region of the National Park Service and representatives of the National Constitution Center as called for in the legislation. The committee has met and a draft agreement is being circulated for comments.

Since discussions concerning the National Constitution Center started after the deadline for submissions for the fiscal year 1990 budget, no funding request was made. Once a cooperative agreement is established, the National Park Service and the National Constitution Center can work together to draft future budget requests. A major part of this process will be the identification of a physical location for the Center.

GETTYSBURG NATIONAL MILITARY PARK

2. Question: In August 1988, the National Park Service Mid-Atlantic Regional Office's Division of Park and Resource Planning and the Gettysburg National Military Park issued its "Boundary Study" for the Gettysburg National Military Park. This draft report was conducted pursuant to Public Law 100-132 which directed the National Park Service to conduct a boundary study of the Gettysburg National Military Park and submit a report to Congress with recommendations for the Park's final development. I am advised that this boundary study currently is pending in the Department of Interior's Office of the Assistant Secretary for Fish and Wildlife and Parks. What is the status of this Boundary Study? What indication do you have of any possible changes the Department may make in, or the timing of the Department's final approval of the Boundary Study?

Answer: The Gettysburg Boundary Study has been submitted to the office of the Assistant Secretary for Fish and Wildlife and Parks in the Department of the Interior for final clearance prior to transmittal to Congress. Based on the public review and discussions with staff in the Assistant Secretary's office, we have no indication of any possible changes to the Boundary Study recommendations. We have not received an indication of the timing for the release of the document by the Department.

3. Question: In 1988, the nation commemorated the 125th anniversary of the historic Battle of Gettysburg. In this regard, the Senate Appropriations Committee included language in its report accompanying H.R. 2712, the Interior and Related Agencies Appropriations Bill for FY 1988, recommending that the National Park Service "assign a high priority to this important facility and take whatever steps are appropriate for the upcoming anniversary." The Committee also noted in its FY 1989 report that "upgrading facilities and exhibits at Gettysburg is the No. 1 interpretive priority of the National Park Service within the context of their efforts to establish the National Museum of the Civil War." The Committee also urged the Service "to include in the fiscal year 1990 budget a spending plan for the remaining funds to complete

this important project." Senator Heinz and I also have corresponded with the former Secretary, the Assistant Secretary for Fish and Wildlife and Parks, and the National Park Service Regional Director in Philadelphia regarding this important project.

Gettysburg is currently one of the most frequently visited historical parks in the United States, and the Park Service's efforts in rehabilitating the Gettysburg Visitor Center and transforming it into a world-class museum are most significant. In this regard, please provide a status report of the Park Service's initiatives in this project to date. What additional steps must be taken to complete the renovation of the Visitor Center for the National Museum of the Civil War? What funding provisions for FY 1990 has the Park Service made for completion of this project?

Answer: Beginning in fiscal year 1983 and continuing through fiscal year 1988, a total of $777,000 has been made available for this project: $627,000 has been spent for exhibit construction and the acquisition and preservation of artifacts and $150,000 has been spent for preliminary architectural design of proposed building modifications and exhibit planning. In fiscal year 1988, the Service expended approximately $253,000 through the Harpers Ferry Center Major Exhibit Program and $146,000 collected through the fundraising campaign for this project. The Service was able to temporarily "showcase" the magnificent artifact collection during the celebration of the 125th Anniversary of the Battle of Gettysburg.

The schedule for completion of the Civil War Museum remains in doubt at this time, inasmuch as fundraising efforts have resulted in collection of $330,500 and the Service now estimates the cost of completing the museum project at $4.7 to $6.8 million. The current estimate, up from an earlier estimate of $1.5 million for building renovation and $750,000 for exhibit rehabilitation, includes costs of substantially renovating and upgrading the building and exhibits. The current estimate includes structural modification, improved access, and replacement of the heating system. The scope of work contemplated for the project has increased significantly since the time the initial estimate was prepared. Inasmuch as the available funding level for park improvements is necessarily limited and the National Park Service has identified many higher priority construction projects that involve health and safety considerations and the rehabilitation of existing facilities, tentative dates for full funding or completion of this project cannot be given at this time.

FEE COLLECTION

4. Question: What plans, if any, does the National Park Service have regarding the imposition of or increase in park fees for any national park in Pennsylvania, including the Valley Forge National Historical Park?

Answer: The National Park Service Recreation Fee Program consists of entrance fees and use fees. All units of the National Park System charging entrance fees are reviewed periodically to determine if the fee program is administratively and economically feasible and whether it is necessary to adjust the entrance fee. In December 1987 Congress amended the Land and Water Conservation

Fund Act of 1965 authorizing the National Park Service to increase existing fees and to add other parks to the entrance fee program. With very few exceptions, we have maintained entrance fees at their January 1988 levels. There have been no increases at National Park Service units located in Pennsylvania since December 1987. There are no increases in entrances fees scheduled for 1989. The next review will not occur until late in 1989.

The Land and Water Conservation Fund Act requires that we conduct annually, a comparability review of those parks charging use fees for providing certain recreational services/facilities. The review compares similar services/facilities provided by nearby private sector and other governmental operations. Based on the information obtained, the decision is made to adjust fees accordingly. The next comparability review is scheduled for late summer to determine 1990 use fees. We do not anticipate a significant effect, if any, on the two units (Gettysburg and Delaware Water Gap) in Pennsylvania that currently charge use fees. At this time, we are unaware of other units located in Pennsylvania that may wish to charge a use fee.

Gettysburg National Military Park

Question: The Borough of Gettysburg is planning a project that is of great significance in preserving part of our nation's history. The concept of a "Gettysburg Historic Pathway" involves the redesign and improvement of a street corridor that is rich in history, containing many Civil War era buildings and sites. This corridor links the National Cemetery where President Lincoln delivered the Gettysburg Address to the train station where he arrived and the house where he stayed during his historic visit. Considering the vital role of the National Park Service in supporting the Gettysburg National Military Park, what plans does the Department have to support the Gettysburg Historic Pathway project? What funding may be made available in FY 1990?

Answer: The 1988 Boundary study for Gettysburg National Military Park, as required by Public Law 100-132, identified the need for the National Park Service to cooperate with and provide assistance to local governments, organizations and citizens for the conservation of historic values of the Gettysburg area. The proposed "Gettysburg Historic Pathway" project would clearly promote conservation of historic resources in the Borough of Gettysburg associated with the Civil War, Lincoln's Gettysburg Address and President Dwight Eisenhower. The National Park Service is willing to participate in this cooperative project, but has not included any request for technical assistance findings in its fiscal year 1990 budget request due to higher priority concerns.

National Heritage Corridor

Question: On November 18, 1988, the President signed into law the "Delaware and Lehigh Navigation Canal National Heritage Corridor Act" (P.L. 100-692) establishing a Federal commission to assist in planning and implementing an integrated strategy for protecting and promoting cultural, historical and natural resources in the region. The establishment of the National Heritage Corridor will focus national attention on this area and help stimulate

responsible redevelopment of the resources in the region. What plans does the Department have for funding this project in FY 1990?

Answer: There are no funds available for National Park Service implementation in fiscal year 1990. Although Congress established the Delaware and Lehigh Navigation Canal National Heritage Corridor in 1988, it did not appropriate any funds to carry out the provisions of the act. The National Park Service anticipates a request by the Commission, which is to be established under section 5 of the act, to assist in the preparation of a Cultural Heritage and Corridor Management Plan. The cost for this National Park Service assistance in fiscal year 1990 is estimated at $185,000.

QUESTIONS SUBMITTED BY SENATOR DON NICKLES

CHICKASAW NATIONAL RECREATION AREA

The Chickasaw National Recreation Area is one of the oldest and most heavily visited NPS units in the Southwest Region. However, despite its increasing popularity, the park has no visitor center. Such a facility is needed to provide an information and orientation center for park visitors and for administrative offices.

1. Question: Could you please comment on the possibility of constructing a visitor center at the Chickasaw NRA and the potential benefits such a center could have for the NPS, the NRA, and the surrounding area?

Answer: The construction of such a facility is called for in the general management plan for the park. It would aid park operations to assemble the Division Chiefs and administrative staff together in one facility. The proposed visitor center, however, is not presently included in the Servicewide Development Program and, given higher priority health and safety work, is not likely to enter the planning and construction cycle for several years. One option is to explore a leasing arrangement, at least on a temporary basis, through the General Services Administration.

2. Question: What is the status of NPS plans to repair the Veterans Dam spillway at the Chickasaw NRA?

Answer: This project has been funded and bids were requested by the Bureau of Reclamation in September 1988. All bids were much higher than expected and exceeded available funds. The Bureau of Reclamation has subsequently modified the contract specifications and lengthened the contract time. The current schedule provides for a new bid opening in June 1989.

3. Question: The Administration's budget submitted to Congress in January contained $2,200,000 for repair of roads in the Chickasaw NRA.

How much will be required to completely repair these damaged roads, and does the NPS intend to followup this funding with an additional request in fiscal year 1991?

Answer: The current total estimated cost for road repair is approximately $3,870,000. Whether or not the second phase of this project will be included in the fiscal year 1991 request will be decided jointly by the National Park Service and the Federal Highway Administration at a later date, based on the competing priority needs of the Service. However, in most cases, the completion of work already underway is a high funding priority for the next fiscal year.

SUBCOMMITTEE RECESS

Chairman BYRD. The subcommittee will stand in recess until 10 a.m., on Monday, April 10, at which time we will hear testimony from the witnesses for the Bureau of Land Management and the Navajo Hopi relocation commission.

Thank you very much.

The subcommittee is recessed.

[Whereupon, at 4:35 p.m., Tuesday, April 4, the subcommittee was recessed, to reconvene at 10 a.m., Monday, April 10.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

MONDAY, APRIL 10, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:00 a.m., in room SD–128, Dirksen Senate Office Building, Hon. Robert C. Byrd (chairman) presiding.

Present: Senators Byrd, Reid, McClure, and Stevens.

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

STATEMENT OF ROBERT F. BURFORD, DIRECTOR, BUREAU OF LAND MANAGEMENT, DEPARTMENT OF THE INTERIOR

ACCOMPANIED BY:

ROLAND G. ROBISON, DEPUTY DIRECTOR

DEAN E. STEPANEK, ASSISTANT DIRECTOR FOR LANDS AND RENEWABLE RESOURCES

HILLARY A. ODEN, ASSISTANT DIRECTOR FOR ENERGY AND MINERAL RESOURCES

THOMAS J. ALLEN, ASSISTANT DIRECTOR FOR MANAGEMENT SERVICES

ROGER L. HILDEBEIDEL, CHIEF, DIVISION OF BUDGET

ANTHONY L. ITTEILAG, DIRECTOR OF BUDGET

BUDGET REQUEST

Chairman BYRD. The subcommittee will come to order.

This is the time scheduled for the Interior and Related Agencies Appropriations Subcommittee to review the fiscal year 1990 budget request for the Bureau of Land Management. Testifying in support of the BLM's fiscal year 1990 request is Mr. Robert Burford, Director of the Bureau of Land Management. The fiscal year 1990 request is $866,969,000, which is $161,180,000, or 23 percent, above the fiscal year 1989 appropriated level of $705,789,000.

Your statement will be included in the record in its entirety. You may capsulize it if you wish.

[The statement follows:]

STATEMENT OF ROBERT F. BURFORD

I welcome this opportunity to appear here today to discuss the FY 1990 budget request for the Bureau of Land Management (BLM).

The BLM is responsible for the multiple-use management of 270 million acres of Public Lands located primarily in the western States, including 90 million acres in Alaska. In addition, BLM also has the responsibility for mineral leasing and supervision of minerals operations on an additional 300 million acres of Federal mineral estate that underlie other surface ownerships as well as supervising most mineral operations on Indian Lands.

Consistent with President Bush's theme to "Build a Better America" and in support of Secretary Lujan's priority goal of "STEWARDSHIP", the BLM will continue to pursue wise multiple-use management of the resources on the Public Lands in a manner that protects our Nation's valuable resources as well as develops them in an environmentally sound manner. This management philosophy will be carried out with an increased emphasis on education and cooperative efforts in order to foster public knowledge, appreciation and support of the multiple use policies being employed by the BLM for the Public Lands.

Partnerships through cooperative efforts with various user groups and local government agencies will be employed as well as increasing the use of volunteers. The 1990 program has a continuing emphasis on the "Take Pride in America" theme through which the Bureau will continue to enlist the support of those who use the Public Lands as well as the direct efforts of volunteers to support resource management programs. We will also continue to encourage cooperative funding through "challenge" cost-share funding in the Wildlife Habitat and Recreation Management programs.

Volunteer efforts will include not only active solicitation of volunteers to assist in the management of the Public Lands, but also encouraging BLM employees and office units to volunteer and become more active partners in the communities in which we live and work.

The FY 1990 budget as submitted by the Reagan Administration for the BLM has been adopted by President Bush within the limits of the "flexible freeze" on discretionary domestic programs, with the exception that a budget amendment is expected to be submitted soon for additional funding for land acquisition, utilizing the Land and Water Conservation Fund. Proposed acquisitions will be in direct support of the Administration's goal of acquiring land for recreation purposes in areas of expanding recreational use.

NEW INITIATIVES

The 1990 Budget for BLM expands several initiatives directed toward improvement of public service and maintenance of public health and safety. These include:

- A proposed increase of $1.4 million in the Recreation Resources Management program to support the "Recreation 2000" initiative. Included within this increase is funding for "challenge grants" which will encourage private sector investment.

- A Facilities Maintenance increase of $3.3 million which will provide for additional efforts to eliminate safety hazards to

users of the Public Lands and to improve access to facilities for the physically handicapped.

- In support of the Department's Drug Enforcement Policy, funding for Resource Protection and Law Enforcement increases by $5.6 million over the 1990 base level to $9.8 million and will emphasize cannabis detection and eradication. The increase will be used to expand BLM law enforcement activities in order to suppress the increasing levels of manufacture, possession and distribution of illegal drugs on the Public Lands.

- The Reforestation and Forest Development Activity within the Oregon and California (O&C) Grant Lands Appropriation has an increase of $5.3 million over the 1990 base. This increase will provide for additional reforestation and forest development efforts to maintain the sustained yield productivity of BLM administered timber lands in western Oregon.

- The 1990 Budget includes a new proposal to establish a permanent indefinite account, "Federal Wildland Firefighting", to finance the costs of conducting all wildland fire programs within the Department of the Interior.

  This proposal would establish a permanent, indefinite appropriation in the BLM portion of the budget at an estimated level of $166.5 million which would cover all four Interior bureaus with firefighting responsibility. A part of the proposal would be that the fire program costs would be deducted from federal timber and mineral leasing receipts prior to the distribution of a portion of these receipts to the States and counties.

FY 1990 BUDGET TOTALS

The total Budget Request for the BLM in FY 1990 is $943.6 million which is an increase of $146.9 million over the 1990 base. It will support a total level of 9,652 FTE. This request includes the effect of the legislative proposal to change the method of funding wildland fire programs and firefighting on all lands under the jurisdiction of the Secretary of the Interior. Total fire program costs are estimated at $166.5 million for all of the Department's fire programs. Also included in the BLM request is $94.3 million to repay funds expected to be transferred to cover 1989 fire costs, part of the Department-wide request of $145 million.

The Management of Lands and Resources (MLR) Appropriation request of $515.9 million is a $1.4 million increase over the 1990 base. The Oregon and California (O&C) Grant Lands Appropriation has increased $2.3 million over the 1990 base to a requested total of $62.7 million. The Construction and Access request is $2.3 million and the Range Improvements request is $8.4 million. Appropriations for Payments in Lieu of Taxes remain at the 1990 base level of $105.0 million.

In addition to providing the activities necessary to support the collection of mineral leasing receipts by the Minerals Management Service, the BLM will collect an estimated $215.0 million from the sales of timber, lands, and other products as well as the collection of grazing fees. This total includes the effect of the proposed elimination of the log export restrictions; however, it does not include the effect of the March 1, 1989 increase in grazing fees which changed from $1.54 to $1.86 per Animal Unit Month (AUM). This change is estimated to increase the total receipt collections by $3.6 million.

The decrease of $23.6 million from the 1990 base for Miscellaneous Permanent Appropriations reflects the anticipated reduced level of payments to the O&C Counties due to lower expected receipts, the effect of the proposal for funding fire programs and the increase due to the proposed lifting of the timber export ban. In the other Appropriations which support BLM programs, only minor changes from base have been made.

Attached to this statement, for the record, is a more detailed breakdown of the highlights of the 1990 budget request for the BLM.

This concludes my prepared statement. My associates and I will be pleased to answer any questions or provide additional information which will assist you in assessing our budget request.

HIGHLIGHTS OF THE 1990 BUDGET REQUEST (BLM)

The BLM request in FY 1990 is $943.6 million, an increase of $146.9 million over the 1990 base level. It will support a total level of 9,652 FTE. The 1990 request includes the affect of the new legislative proposal which amounts to $166.5 million for the fire program costs for all of the Department's fire programs, of which $99.5 million would be allocated to BLM. Also included in the 1990 Budget is $94.3 million to repay funds expected to be transferred to cover 1989 fire costs.

Receipts and Grazing Fees

In 1990, BLM will collect an estimated $215 million in receipts from sales of lands and vegetative products, grazing fees, timber sales and other miscellaneous sources. Included in this total is an estimate of $25.0 million in additional revenue expected due to the proposed lifting of the log export restrictions. Effective March 1, 1989, the grazing fee increased from $1.54 to $1.86 per AUM; however, due to the timing of the announcement of this increase, it is not included in the receipt estimates for the 1990 Budget. This fee increase will result in the collection of an estimated $3.6 million in additional receipts for 1990. In addition, BLM activities contribute directly toward the generation of more than $1 billion in receipts connected with the leasing of onshore Federal minerals. These receipts are collected and disbursed by the Minerals Management Service.

Federal Wildland Firefighting Account

The 1990 Budget includes a new proposal to establish a permanent, indefinite account, "Federal Wildland Firefighting", to finance the costs of conducting all wildland firefighting programs within the Department of the Interior including those of the BLM, National Park Service, Fish and Wildlife Service, and Bureau of Indian Affairs. This proposal is designed to improve the present system of funding firefighting which has proven to be cumbersome and unresponsive. In the past, minimal program funding has been included in each year's budget while the bulk of the fire presuppression and suppression cost has been paid through emergency transfers of funds from other Departmental no-year accounts, such as the Land Acquisition accounts derived from the Land and Water Conservation Fund. Although those accounts are usually repaid in subsequent years by additional appropriations, this "after-the-fact" funding approach encourages the submission and enactment of budgets that do not fully reflect or provide for total fire related costs.

The new proposal would establish a permanent, indefinite appropriation in the BLM portion of the budget at the estimated

level of $166.5 million, with funding from the General Fund of the Treasury. The estimated total fire costs would be deducted from federal timber and mineral leasing receipts prior to distribution of a portion of these receipts to the States and counties. This distribution of receipts would reduce O&C timber payments by $13.8 million and the mineral leasing payments by $70.5 million. The General Fund would thereby receive an additional portion of the revenues collected from Federal lands under the Oregon and California Grant Lands Act of 1937, the Minerals Leasing Act of 1920 as amended, and the Minerals Leasing Act for Acquired Lands of 1947 as partial reimbursement for the cost of Federal wildland firefighting. A similar account structure is proposed for the Forest Service. Legislation to implement the proposal is being prepared and will be submitted to Congress soon.

Management of Lands and Resources

The 1990 request for Management of Lands and Resources (MLR), BLM's principal operating account, is $515.9 million. This is an increase of $1.4 million over the 1990 base and includes an estimated amount needed to repay anticipated 1989 firefighting transfers ($94.3 million). This account also includes funds for energy and minerals management, lands and realty management, renewable resources management and their supporting services programs.

For Energy and Minerals Management, $71.4 million is requested, a net decrease of $3.4 million from the 1990 base. A decrease in Oil and Gas ($2.2 million) is the result of the elimination of the requirements for Known Geologic Structure (KGS) determinations and evaluation of competitive tracts for fair market value. Additional savings are also the result of completion of FY 1989 efforts of assisting the Minerals Management Service in the implementation of the Production Accounting and Auditing System. The Coal program reduction ($0.7 million) is in response to the current levels of activity based on current market demands.

For the Lands and Realty Management program, the total 1990 request is $35.0 million, a decrease of $2.0 million from the 1990 base. The request reflects savings projected in the rights-of-way program due to a decreased number of energy related right-of-way applications, and the deferral of certain lands casework in the Alaska Lands Program.

For renewable resources management, the request totals $108.5 million, which is a net decrease of $7.5 million from the 1990 base. Recreation Management is requested at the $26.7 million level. This includes $6.7 million for Cultural Resources Management, $7.7 million for Wilderness Management, and $12.2 million for Recreation Resources Management. Within this activity, an increase of $1.4 million is proposed in the Recreation Resources Management program to support the "Recreation 2000" initiative and responds to expanding recreational uses on the Public Lands. This requested increase will be used to improve visitor services, develop activity plans and studies for Wild and Scenic Rivers, and implement protection projects for designated off-road vehicle areas. Also included is an increase in the use of "challenge grants" (cost-share agreements) with State and local governments and conservation groups to maximize the effectiveness of Federal funds and to encourage private sector investment in implementing the Bureau's recreation program objectives. Planned funding for these "challenge grants" in 1990 will be $0.5 million. The increase in the Cultural Resources Management Program will allow BLM to implement priority items in archeological protection plans developed in 1988 and 1989.

The Wild Horse and Burro program will decrease by $2.3 million to $12.3 million and will provide for the removal of 8,700 animals from Public Lands while continuing to move toward reaching appropriate planned management levels for horses and burros in 1991. The Wildlife Habitat Management program request of $16.6 million is a reduction of $3.5 million from the 1990 base. The program does, however, include funding the challenge cost share program at a level of $1.0 million. This program encourages the contribution of funds, material and labor of natural resource organizations, user groups or other private sector entities for all types of project development, monitoring, introductions, studies, and other related activities.

Decreases in funding are proposed for lower priority items in Grazing Management ($1.6 million), as well as Soil, Water and Air Management ($1.3 million); however, BLM will continue to emphasize management and improvement of riparian areas under the multiple-use concept.

The request for Resource Management Planning of $8.6 million is a reduction of $0.7 million and is a result of savings to be achieved by amending existing plans rather than starting new resource management plans.

The proposed level for Information and Resource Data Management of $44.0 million in 1990 is a decrease of $0.3 million from the 1990 base. The base level reflects an adjustment of funds which supported resource data acquisition being shifted from other programs to this activity.

Funding for the Automated Land and Minerals Records System (ALMRS) project of $23.0 million to automate BLM's land and minerals records is essentially unchanged from the 1990 base level. The contract to modernize BLM automated systems and equipment to implement ALMRS and support the development of a Land Information System (LIS) will be awarded in 1990.

In support of the Department's Drug Enforcement Policy, funding for Resource Protection and Law Enforcement will increase by $5.6 million over the 1990 base level to $9.8 million and will emphasize cannabis detection and eradication. BLM law enforcement activities will be expanded to suppress the increasing levels of manufacture, possession and distribution of illegal drugs on the Public Lands both directly and in cooperation with other Federal, state and local agencies. Additional contract aircraft will be used to patrol for cannabis cultivation plots and provide tactical support during drug enforcement operations. Additional ranger positions will be devoted to patrolling Public Lands, especially in border areas, in coordination with other law enforcement agencies to detect drug smuggling operations. Other efforts will also be expanded to assist in identifying, investigating and prosecuting drug violations on Public Lands.

The request for Hazardous Materials Management of $12.3 million essentially equals the 1990 base.

Facilities Maintenance will be increased by $3.3 million over base to a total of $19.1 million. This increase will allow additional efforts to eliminate safety hazards to users of the Public Lands and to improve maintenance of BLM buildings, roads, trails and recreation sites and improve access to facilities for the physically handicapped.

A decrease of $4.0 million below the 1990 base in Alaska Cadastral Surveys results in a 1990 program level of $11.26 million, reflecting efficiencies gained in using the Patent Plan Process and advanced technology. Other States Cadastral Surveys

will be reduced to $11.4 million, a decrease of $0.8 million below the 1990 base, reflecting a deferral of lower priority surveys.

The General Administration activity funding request of $90.0 million is $0.6 million less than the 1990 base and represents anticipated savings due to the development of new automated processes for aspects of the procurement and contract systems as well as in enhancements to the automated personal property system.

Oregon and California Grant Lands (O&C) Appropriation

An appropriation of $62.7 million is requested for BLM operations in western Oregon from the Oregon & California (O&C) Grant Lands account, an increase of $2.3 million over 1990 base. An increase of $5.3 million is proposed for additional reforestation and forest development work which is necessary because of the accelerated timber harvesting which occurred in 1988 and early 1989 in western Oregon. This record level of harvest was due to increased fire salvage from the 1987 fire season and improved economic conditions resulting in higher market values for timber products.

Other significant changes from the 1990 base in the O&C Grant Lands Appropriation include increases of $0.9 million for Timber Management and $0.4 million for Information and Resource Data Management. A decrease of $2.3 million for Resource Management Planning is proposed as decadal planning for the 1990's begins to approach completion. Another decrease of $2.3 million is related to the consolidation of the O&C Fire Protection program with other Departmental fire programs in the proposed new account for Federal Wildland Firefighting.

Land Acquisition

At this time, we are anticipating that an amendment to the already submitted 1990 President's Budget will be transmitted which will include additional funding for land acquisition projects through the Land and Water Conservation Fund. This additional request is consistent with the President's initiative of "Building a Better America".

Construction and Access

Included in the budget are requests of $1.0 million for construction and $1.3 million for obtaining access to lands. The construction funds will be used to construct facilities at seven projects to enhance the management of a congressionally designated National Conservation Area, a Wild and Scenic River and a National Trail as well as at four other important recreation use areas.

Payments in Lieu of Taxes (PILT)

The 1990 budget includes $105.0 million for Payments in Lieu of Taxes, the same level as in 1989, which provides payment to local governments with Federal lands within their jurisdictions.

Range Improvements

The requested level of $8.4 million is a decrease from the 1990 base of $0.1 million. Emphasis will be focused on improving riparian habitat areas for multiple use.

Miscellaneous Permanent Appropriations

The estimated level of the Miscellaneous Permanent Appropriations is $74.5 million in 1990 which is a reduction of $23.6 million

from the 1990 base. This reduction represents an anticipated lower level of payments to the O&C Counties of $61.1 million. The net reduction of $23.6 million consists of the reduction of $13.8 million due to the proposed partial offset of the cost of the Federal Wildland Firefighting programs, and a $9.8 million reduction due to estimated lower receipts resulting from reduced timber cutting levels anticipated in 1990, partially offset by an increase of $12.5 million of the counties' share from the $25.0 million in estimated additional receipts resulting from the proposed lifting of the timber export ban.

Service Charges, Deposits, Forfeitures

$6.0 million is estimated for the Service Charge, Deposits and Forfeitures account, the same as the estimated 1990 level.

Miscellaneous Trust Funds

The estimate for Miscellaneous Trust Funds remains at the estimated 1990 level of $0.7 million.

INTRODUCTION OF ASSOCIATES

Mr. BURFORD. Thank you, Mr. Chairman.

I would like to note that I am accompanied, on my immediate right, by Deputy Director Roland G. Robison; Dean Stepanek, Assistant Director for Land and Renewable Resources; and Hillary Oden, second to my left, the Assistant Director for Energy and Mineral Resources. John Moeller, Acting Assistant Director for Support Services, is not present although he is listed. His substitute, Dave Williams, Chief, Division of Planning, has been called for jury duty this morning, so he cannot be here.

On the far left are Tony Itteilag and Roger Hildebeidel. Tony Itteilag is Director of Budget for the Department of the Interior. Roger Hildebeidel is chief of the Division of Budget for the Bureau. Tom Allen is the Assistant Director for Management Services. They will assist me.

As you stated, my entire statement will be included in the record. It consists of approximately 9 pages. I have capsulized it.

I certainly appreciate and welcome this opportunity to again come before you to discuss the fiscal year 1990 budget request for the Bureau of Land Management.

The Bureau of Land Management is responsible for the multiple-use management of 270 million acres of public lands located primarily in the Western States. In addition, BLM also has the responsibility for minerals leasing and supervision of minerals operations on an additional 300 million acres that underlie other surface ownerships. It also supervises most mineral operations on Indian lands.

BLM's proposed budget for 1990 provides a level of funding appropriate to managing the public lands, as well as the principle of the flexible freeze. We have requested $943.6 million in 1990, an increase of $146 million over the 1989 level. This increase reflects the effect of the legislative proposal to change the method of funding wildland fire programs and firefighting on all Department of Interior-administered lands. Included in the total request is $94.3 million for anticipated 1989 fire costs. We are funding a total of 9,652 FTE.

In addition to the above initiatives, we are requesting the administration to expand several initiatives, directed toward improvement of public service and maintenance of public health and safety. We've asked for an increase in recreation management of $1.5 million, for increased use, supervision, and management of wild and scenic rivers, recreation trails, and off-road vehicle areas; an increase of $5.5 million in resource protection and law enforcement, in order to provide emphasis on additional enforcement activities in an attempt to suppress the increasing levels of manufacture, possession, and distribution of illegal drugs on public lands.

Facilities maintenance will be increased by $3.4 million, which will allow for improved maintenance and eliminate health and safety hazards, as well as provide increased access to these facilities for the physically handicapped.

An increase of $5.5 million in the Oregon and California grant lands reforestation and forest development activity has been requested, due to accelerated levels of harvest in 1988 and 1989.

We will continue our efforts to improve riparian management, monitor range land conditions, manage wild horses and burros, and develop and implement the ALMRS system.

In log and timber sales, BLM estimates it will collect $215 million in receipts from timber sales, the sale of lands, grazing fees, and miscellaneous other sources during 1990. Again, it's good to be here today, and I and my associates will be happy to address any questions you might have.

LEVEL OF BLM BUDGET REQUEST

Chairman BYRD. As I indicated in my opening remarks, Mr. Burford, your request appears to be about 23 percent above the fiscal year 1989 appropriated level. If you exclude funding associated with firefighting activities and the proposed creation of a new permanent, indefinite firefighting account, your fiscal year 1990 request is actually 3 percent below the fiscal year 1989 appropriated level.

If fixed costs and other inflationary factors are added, your fiscal year 1990 request decreases even more.

The table displayed on page 34 of your budget justification would indicate that the funding request for every BLM activity other than recreation management, information and resource data management, resource protection and law enforcement, and facilities maintenance is decreased in fiscal year 1990.

In addition, the BLM staffing level would decrease by 234 FTE's, from 9,886 FTE's in fiscal year 1989 to 9,652 FTE's in fiscal year 1990.

How will these decreases affect BLM's ability to carry out its mission in support of Secretary Lujan's priority goal of providing stewardship for the management and protection of this Nation's valuable resources on public lands?

Mr. BURFORD. Well, Mr. Chairman, we do have some decreases proposed. Most of these are mandated by the fact that we have to present a balanced budget.

Chairman BYRD. Whose mandate is that?

Mr. BURFORD. Gramm-Rudman-Hollings is my understanding.

Chairman BYRD. A balanced budget?

Mr. BURFORD. Yes, sir; and within the amounts we have been given, we have set priorities which we consider to be necessary for the stewardship of the public lands. Although it's not a perfect budget and I could probably spend more money if it were available, we think it's sufficient to do our job and accomplish our mission on the public lands.

FIREFIGHTING COSTS

Chairman BYRD. The last 2 years have been costly in terms of Federal firefighting responsibilities. The fiscal year 1988 fire season was by far the largest and costliest on record. Wild fires burned over five million acres of public lands and suppression costs on these lands cost some $626 million, including those of the Bureau of Land Management.

Beginning in fiscal year 1990, the administration proposes to meet future firefighting expenses from timber and mineral receipts which would otherwise go to the States. This proposal would reduce Department of the Interior Oregon and California timber receipts to the States by $13.8 million and mineral leasing payments to the States by $70.5 million.

I know other members of the subcommittee have some questions about this proposal. Senator Reid is here. Perhaps he would like to ask some questions.

Senator REID. I have some questions, Mr. Chairman, and when the Chairman is ready, I will do that. Do you want me to do so now?

Chairman BYRD. Yes.

Senator REID. Thank you.

Mr. Burford, we had some problems in Nevada that received a great deal of attention, dealing with wild horses.

Mr. BURFORD. Correct.

WILD HORSE SANCTUARY

Senator REID. Can you update us on what is happening with the wild horse sanctuary in South Dakota?

Mr. BURFORD. The sanctuary in South Dakota is operating. We have about 1,700 horses there. As you know, Senator, that was an experiment we proposed a little over 1 year ago, and under the direction of Mr. Hyde, we think perhaps it is the way to go.

We are in the process now of going out for bids to start another sanctuary for unadoptable horses.

Senator REID. Where is this new one contemplated?

Mr. BURFORD. We don't know yet. We will take the best of the propositions that are offered to us.

Senator REID. You know, I have been satisfied. We have closed the one big corral in Lovelock, and there are some others, I understand, that have been closed. As far as we have been able to determine, the horses in South Dakota are being treated well. They have survived the winter.

Mr. BURFORD. It is an excellent area for horse protection. There are places where the snow blows off so they can get feed. There is also hay available.

Senator REID. Tell me how many horses are you going to, in effect, put out to bid?

Mr. BURFORD. About 2,000 horses.

Senator REID. The one in South Dakota can still hold more, can't it?

Mr. BURFORD. We are going very slowly in increasing the number of animals there because we want to make sure that the carrying capacity is available. We think it can probably hold a few more horses.

Mr. STEPANEK. It's designed for about 1,800 horses.

WILD HORSE PROGRAM

Senator REID. We still have thousands and thousands of wild horses. How are your plans going in that regard?

Mr. BURFORD. We are going to expand the sanctuary program. I requested an oversight hearing in the House to see if there were other ideas that could be explored, and if there were solutions for this problem.

In Nevada, as you are probably aware, most of the removal activity has been stopped by various court orders and law suits brought by horse protection advocates. About 75 percent of the horses inventoried on the public lands are in your home State.

Senator REID. And growing every day.

Mr. BURFORD. But we have been stopped in the courts by the horse protection associations from conducting additional round-ups.

Senator REID. Can you tell me what the status of the investigation might be regarding the horses that were killed? We don't know how many were killed, but hundreds and hundreds of horses were killed. Do you know what the status of that is? I know three or four people have been arrested for killing about 30 animals.

Mr. BURFORD. That is under further investigation. Inasmuch as it is in the courts and it is still under investigation by the DOJ and some of the other agencies, I don't believe that it would be proper for me to comment on where the investigation is heading.

BACK COUNTRY BYWAY PROGRAM

Senator REID. I have some other questions in that regard. I would like to move just a little bit to your recreation 2000 strategic plan. It is my understanding, among other things—and I do have some questions I will submit to you in writing to you in this regard—that you are attempting to initiate a new program called Back Country Byways.

Could you tell me what this program is, or do you have someone with you who could do that?

Mr. BURFORD. Dean Stepanek is probably more familiar with that.

Mr. STEPANEK. The Back Country Byway program is one that is a takeoff from the Scenic Highways. The idea is to invite the general public to use back country roads, back country trails, including four-wheel-drive, paved, or recreational vehicle trails. The idea is to get the public out into the back country that the Bureau of Land Management manages.

Our intent would be to provide maps of these roads, to provide signs, with the hope being that this effort will have a very positive impact on the amenities in the wilderness areas as well as providing a wilderness experience for the public.

Senator REID. Are you going to spend money on that this year?

Mr. STEPANEK. Yes; we will.

Senator REID. Do you know how much?

Mr. STEPANEK. A very limited amount of money. At this point I couldn't give you an exact figure. We are only in the planning stages. I believe I remember about $3 million for getting that program underway.

ALLOTMENT MANAGEMENT PLANS

Senator REID. Mr. Burford, I have a long line of questions I don't want to take the committee's time now asking, dealing with rangeland management issues, especially selective management of livestock grazing allotments. This, in Nevada as in other parts of the West, is a problem.

Do you know how many allotment management plans you have completed at this time?

Mr. BURFORD. We can provide the number.

Senator REID. My last question, Mr. Chairman. I know you have given me more time than I am entitled.

Tell us how you think you're doing in maintaining your stewardship of these lands that are being grazed. Are we able to manage them properly? Do we have enough manpower to do that?

Mr. BURFORD. We think we do. As you know, we recently instituted a riparian management program that was started as at least one demonstration project in each district. Some of those are providing excellent examples of what can be done in the way of riparian management. We have also concentrated on the monitoring program.

The initial results of the implementation of the first 5 years of the monitoring program are coming in now. We find that there will be grazing reductions in some areas, and increases in others. The results of 5 years of monitoring will also show that some allotments should remain level.

Those allotments which need improvement are addressed as fast as we get funds to improve them. We provide benefits for both range animals and for wildlife.

Senator REID. Thank you, Mr. Chairman.

Chairman BYRD. Senator Reid, did you get your answer to the earlier question?

Mr. BURFORD. Some 2,611 allotment management plans have been completed.

Senator REID. Thank you.

RECEIPT SHARING FOR FIREFIGHTING

Chairman BYRD. I have just a few questions I want to ask on firefighting at this point.

I understand that part of the logic within the administration has been to argue that since the States share in receipts generated

from Federal lands, it is only fair that they share in the cost of protecting the lands.

How did the Department calculate the reduction that each State would incur?

Mr. BURFORD. Through a straight percentage reduction of what they receive.

Chairman BYRD. In other words, each State received an equal percentage reduction in their receipts?

Mr. BURFORD. That is my understanding.

Chairman BYRD. Did that calculation in any way take into account the historical incidences of forest fires or the number of acres of public lands in each of the States?

Mr. BURFORD. Not to my knowledge.

Chairman BYRD. Could you tell the subcommittee, then, how this proposal achieves fairness when it appears to be nothing more than a number-crunching exercise?

Mr. BURFORD. I am not sure that it does achieve fairness.

Chairman BYRD. How is this fair when there appears to be little or no correlation between incidences of fire in each State and the allocation of the reduction in mineral and timber receipts?

Mr. BURFORD. It may not appear to be fair to the individual States, but the allocation of those funds does come from public land revenues. Some people from your State might argue that the allocation is not fair. Even in some of the States which do receive payments, it's not fair either. That is a philosophical question.

Chairman BYRD. Does that make it fair for any State then? What kind of response do you think that would be to a State? You tell them it's not fair but it isn't fair to other States either. That doesn't make that State feel any better.

Mr. BURFORD. I have made proposals like this before at the request of the people who run the budget, and the Senator on your immediate left has always stated to me when I made that proposal that the executive proposes and the legislative disposes. [Laughter.]

I expect he means that the executive proposes unwisely and the legislative disposes wisely. I suspect that is the answer.

Chairman BYRD. I guess if we were to take this proposal to its logical conclusion, I should ask if the administration is now prepared to reimburse the States for the costs they incur in fighting forest fires on their own lands.

Mr. BURFORD. We work with every State with which we have joint lands, and most of the State lands are intermingled with the Federal lands. On an individual State basis we have a memorandum of understanding as to where and how we undertake responsibility for fighting fires.

We also have some funding arrangements with States, for example, the State of California, where we share equitably the amount of acreage involved in fighting fires. In parts of Alaska, the State takes entire control, and in other parts of Alaska we take charge of it.

We also work with the Forest Service with respect to firefighting.

We would add, concerning the Yellowstone fires—no BLM land was involved in those fires.

FIREFIGHTING—REIMBURSEMENT TO STATES

Chairman BYRD. If you are going to insist that each State bear an equal reduction percentagewise from the receipts and you are not making any apparent correlation between fire incidence and fact, why not reimburse the States for the costs that they incur in fighting forest fires on their lands? That might appear to be a little more fair. You have indicated that it isn't fair, and it doesn't appear to be fair. Why not reimburse States for fighting fires on their land?

Mr. BURFORD. I do know that we do assist the States and do fight fires on their land.

Chairman BYRD. Why not reimburse them?

Mr. BURFORD. Tony, do you have any idea on that?

Chairman BYRD. Mr. Itteilag.

Mr. ITTEILAG. Mr. Chairman, the only possible explanation for the proposal is that it provides, in a sense, an insurance policy, and the theory behind it is that the State governments derive economic benefit overall from having a Federal presence there. Therefore, the proposal is made to have the State take part in paying these costs.

Senator MCCLURE. Excuse me for laughing, but I do want the record to show that I did. [Laughter.]

Chairman BYRD. The record shows there are several laughing.

Where did this proposal originate? Did the Department propose it?

FIREFIGHTING PROPOSAL—ORIGIN AND STATUS

Mr. ITTEILAG. No; it didn't, Mr. Chairman. The proposal originated at the Office of Management and Budget. It was discussed with the Department during the budget deliberations, and former Secretary Hodel did not appeal the proposal.

Chairman BYRD. Do you know if the administration has taken a second look at the proposal with regard to the financing aspects?

Mr. ITTEILAG. Mr. Chairman, the Secretary has indicated—Secretary Lujan—has indicated several times that he is not personally comfortable with this proposal. I know he did discuss it with OMB Director Darman at the time of his confirmation and at the time when President Bush was considering amendments to the fiscal year 1990 budget. But the decision was made to stick with the proposal as it was presented in the Reagan budget.

The problem is that in order to reconsider it, between the Interior Department and the Forest Service, one would need to come up with $150 million in order to not have the States contributing to the costs. And, frankly, no one has $150 million.

RECEIPTS—USE BY STATES

Chairman BYRD. Can you describe generally the kinds of activities that the States fund with these receipts? For the most part, they are dedicated for road improvements and schools?

Mr. ITTEILAG. That is my understanding, Mr. Chairman.

Chairman BYRD. Any other?

Mr. BURFORD. The receipts, as far as I know, are for roads and schools. There is a difference in the way the States use the money they receive. They have more leeway on the distribution of those funds by the State legislatures.

FIREFIGHTING PROPOSAL—STATUS OF LEGISLATION

Chairman BYRD. What is the status of the authorizing legislation which would be necessary to implement this proposal?

Mr. ITTEILAG. Mr. Chairman, it's ready for the signature of the Secretary of the Interior and the Secretary of Agriculture, but as of last Friday it had not been submitted to the Congress.

Chairman BYRD. Senator McClure.

Senator MCCLURE. Thank you, Mr. Chairman.

LAND OWNERSHIP BY STATES

I might just mention on the latter discussion with respect to the distribution of the moneys, as everyone here knows this has a long, long history behind it. I laughed a moment ago about the distribution, the theory that OMB has that the States are so grateful for the Federal presence that they would be willing to pay more.

I can assure you, the States would like to get rid of the BLM and the States would be glad to take over the management of the land. So, if there is an option to be exercised here, we might look at that as an alternative.

I just say that because, very seriously, the States have always felt that the Federal lands were withheld from State dominion control and private ownership. That has been so since the founding of the Republic, and most States in the Eastern United States were not denied the access to those lands. The States in the Western United States were.

The States in the Eastern United States acquired lands later, but it wasn't withheld from them, from private ownership, in the first instance. The States in the Western United States have never had that option; and therefore, their attitudes about it are rather fixed from that perspective.

I would assure you that if you want to turn over BLM lands to the State of Idaho, the State will accept them. As a matter of fact, that was a serious proposal for a while, one of the alternative proposals during the Sagebrush Rebellion years, several years ago.

OIL AND GAS INSPECIONS—PRIORITIES

Let me turn to another subject. To fulfill the Secretary's responsibilities under the Federal Oil and Gas Royalty Management Act of 1982, BLM has designated an oil and gas inspection and enforcement strategy.

It shows on page 43 of your justification, "priorities have been established based on revenue losses, operator compliance, health and safety hazards. Onsite inspections will be scheduled for each producing lease meeting these priorities." The budget indicates that at least one onsite inspection will be scheduled for each producing lease meeting these priorities.

How does this inspection schedule compare with MMS's inspection schedule?

Mr. BURFORD. I am going to refer that question to Mr. Oden.

Mr. ODEN. I am not sure how it compares with MMS's inspection schedule. Are you referring to offshore?

Senator MCCLURE. Yes.

Mr. ODEN. I am not sure of that.

Senator MCCLURE. Could you provide that for the record, please?

Mr. ODEN. Yes; we will submit that information for the record.

[The information follows:]

OIL AND GAS INSPECTIONS ON THE OUTER CONTINENTAL SHELF

Minerals Management Service is the responsible agency for inspecting oil and gas operations on the Outer Continental Shelf. They attempt to inspect all such operations on an annual basis.

OIL AND GAS INSPECTION TRENDS

Senator MCCLURE. Do you see the number of inspections increasing in the future?

Mr. BURFORD. They have increased in a number of respects. I think we are up to the level we wanted to reach.

Mr. ODEN. You are talking of the number of inspections?

Senator MCCLURE. Yes.

Mr. ODEN. Yes; I expect they will increase in the future as the number of leases continues to increase.

Senator MCCLURE. Do you think that will be a proportionate increase?

Mr. ODEN. Yes.

MINING LAW ADMINISTRATION WORKLOAD

Senator MCCLURE. You have proposed a decrease of $244,000 in the Mining Law Administration Program. This is a relatively small decrease which you propose to accomplish by deferring 50 low-priority nonpatent-validity examinations on public lands. This will reduce the number of claims completed from 650 to 600.

Comparing the workload estimates in the fiscal year 1989 justification to the estimates in the fiscal year 1990 justification, there seems to be a large discrepancy in the number of cases estimated to be completed in fiscal year 1989.

The fiscal year 1989 justification estimated that 100 cases would be completed in fiscal year 1989, while the fiscal year 1990 justification estimates 650 cases will be completed in fiscal year 1989.

In addition, the estimated number of cases completed in fiscal year 1988 increased from 71 in the fiscal year 1989 justification to an actual number of 685 in the fiscal year 1990 justification.

Why the discrepancy in the estimates between the fiscal year 1989 and the fiscal year 1990 justification?

Mr. BURFORD. I don't have the answer to that, and I don't know whether Mr. Oden has that information available.

Mr. ODEN. We changed the basis of reporting that workload to the committee from the number of cases to the number of claims. The numbers you are comparing are the number of claims to be completed compared to the number of cases in the past year.

Senator McCLURE. Can you make an estimate on the same basis so we can make a comparison of whether your workload completions will be similar?

Mr. BURFORD. We can provide that after checking with the State offices. It depends on the number of claims.

[The information follows:]

BUREAU OF LAND MANAGEMENT

NONPATENT VALIDITY EXAMINATIONS

Information regarding the number of nonpatent validity examinations anticipated by BLM in 1989 and 1990 is shown in the table below. The table shows the number of claims and the number of cases for each year. The workload measure was changed between development of the 1989 and 1990 BLM Budget Justifications to more accurately depict the workload. The 1990 measure of "number of claims" more clearly represents workload than the 1989 measure of "number of cases." This is true because some cases include only one claim while other cases include more than 20 claims. The average is about 9 claims/case.

COMPARISON TABLE FOR NONPATENT VALIDITY EXAMINATIONS

	1988 actual	1989 enacted	1990 base	1990 estimate
Number of cases	71	71	71	67
Number of claims	685	650	650	600

Senator McCLURE. The numbers are so different they are hard to make a comparison. I would like to be able to make some comparisons.

Mr. BURFORD. We should be able to do that.

FORESTRY PROGRAM—IDAHO

Senator McCLURE. The justification indicates that the ASQ for the State of Idaho has been decreased from 18 million board feet to 16 million board feet. This is the result of a reduction in the commercial forest land available for harvest from 396,000 acres to 322,000 acres. That is on page 90 of the justification.

Since the timber program generated $241 million in fiscal year 1988, I question the logic in reducing the land base.

Why was the commercial forest land reduced?

Mr. BURFORD. I believe that is the effect of some changes in land ownership that took place in the State of Idaho.

Senator McCLURE. Have those selections been completed?

Mr. STEPANEK. It is my understanding that they have been.

Senator McCLURE. What, the 70,000 acres of it?

Mr. BURFORD. About 30,000 acres.

Senator McCLURE. The difference I have is 396 to 322. That is 74,000 acres. Would you tell me why that figure has been reduced from 74,000 acres?

Mr. STEPANEK. We will provide the specifics for the record.

Senator McCLURE. Can you provide that State by State or by BLM district?

Mr. BURFORD. District by district? OK.

[The information follows:]

COMMERCIAL FOREST LAND

The acreage reduction in Commercial Forest Land [CFL] is due to approximately 25,000 acres of prime timberland in the Coeur d' Alene District being transferred to the State of Idaho as In Lieu Selection Lands. 1.7 of the 2.0 Million board foot (MMBF) reduction in Allowable Sale Quantity is estimated to be attributable primarily to the loss of these specific lands. The other 0.3 MMBF was reduced as a result of planning decisions which limited the availability of timber resources for reasons such as critical wildlife habitat, fragile soils, etc.

The additional difference in acreage was due to an update in the statewide acreage figures due to completion of inventories under the Timber Production Capability Classification System [TPCC]. As a result of this TPCC inventory, Boise District dropped 14,123 acres, Burley District dropped 9,232 acres and Salmon District dropped 10,351 acres. These acreages were dropped from the total CFL base because of the "ground truthing" of the data rather than being lost for other reasons. The balance of the difference (15,000 acres) was due to apparent mathematical error in the previous 396,000 total.

An inventory of the CFL in the Coeur d' Alene District is expected to be accomplished in 1991 which will provide for a more accurate acreage figure of the total as well as the operable forest lands in that District.

REFORESTATION—SEEDLINGS

Senator MCCLURE. At the request of the BLM, funds were provided in fiscal year 1989 to increase the number of acres to be reforested from 2,100 acres to 3,000 acres. The fiscal year 1989 justification indicates the desire of the BLM to place additional emphasis on reducing the reforestation backlog.

The fiscal year 1990 justification, however, indicates that you estimate 1,725 acres will be reforested in fiscal year 1989 instead of the original 3,000-acre estimate provided in the fiscal year 1989 justification. Part of the reduction is apparently due to reduced seedling availability.

At last year's hearing, however, you indicated that, "Availability of trees and seeds have not been the limiting factors in our reforestation program."

Why the sudden change in the availability of seedlings?

Mr. BURFORD. Dean, do you know anything about that?

Mr. STEPANEK. My understanding is that we have had a problem due to the drought conditions and we are simply not seeing the survival rates on the plantations as opposed to the availability of the seedlings.

Senator MCCLURE. Why did you state in your justification that part of it was the lack of availability of seedlings?

Mr. STEPANEK. I don't have a specific response. My understanding is that there are questions about our progress in this area that have caused us to call for an investigation this year. For the most part our problem is due to the failure of past plantings.

Senator MCCLURE. Did any of the funds for this program lapse in fiscal year 1989?

Mr. STEPANEK. No.

Senator MCCLURE. Do you anticipate a seedling problem in fiscal year 1990?

Mr. BURFORD. There may be. Although it isn't anticipated, there could be a serious demand for seedlings in the National Park and Forest Service lands. But I haven't gotten any figures on that yet.

I can provide that for the record.

Senator MCCLURE. Would you, please.

[The information follows:]

SEEDLINGS

The latest information that we have indicates that there does not appear to be any anticipated problems with acquiring sufficient seedlings to accomplish the reforestation that is planned in the President's Budget. If substantial acreage increases were planned, seedling availability could become a problem.

REFORESTATION—PROGRESS

Mr. STEPANEK. Senator, we are concerned also about the progress being made with regard to the public domain reforestation program. As a consequence of that, we have determined that we are going to do an evaluation of the program this year. When it is done we will supply a copy.

Senator MCCLURE. Last year you asked for enough to do 3,000 acres. You have also, in response to a question last year, indicated that if you wanted to get to the 1992 goal of eliminating the reforestation backlog, you would have to do so at the rate of 4,100 acres per year. You are still expressing concern about not reaching that goal. I share that concern, but in spite of the fact that you suggest that in both your testimony last year and this year, you are proposing to reduce the number of acres to be reforested from your goal of 3,000 to 2,300.

I suggest you ought to study it again, and I suggest that what you need is money in the program. I don't mean to beat a dead horse. But when you guess that States see advantages to Federal ownership, it is exactly things like this that say "show me."

I am very much concerned that the Federal land managers, BLM and the Forest Service both, are not doing an adequate job of reforestation. That has been the evidence in the 20 years plus that I have been in Congress. It hasn't changed. Some years we do a little better than others.

But this year, in the face of a backlog and a stated desire to move in the other direction, you are reducing reforested acres, Mr. Burford. Is that just budgetary pressures?

Mr. BURFORD. I believe it is budgetary pressures.

Senator MCCLURE. Then the Federal Government cheats long-term management in favor of short-term budgetary goals.

Mr. BURFORD. I don't know how to answer that question.

Senator MCCLURE. I know that you share the same concerns that I do, Mr. Burford.

Mr. BURFORD. I share the same concerns. That's right.

FORESTRY PROGRAM POLICY REVISIONS

Senator MCCLURE. In June 1988, a workshop was held to reevaluate the public domain forestry program. It is my understanding that a variety of policy issues were reviewed with managers and professional staff from the affected States.

Have there been any policy modifications recommended as a result of the workshop?

Mr. STEPANEK. In fact, I requested that that workshop be held. We have since been working on the new policy statements. They are basically available now for distribution. The emphasis is on

using the Bureau's resource planning process to determine which lands are available for timber harvesting purposes and in applying forestry practices to maximize their useful production.

Senator McCLURE. If that study indeed affirms what we knew before and just refines the way in which you applied it, it could be useful. If it produced a change in direction, I would like to know what that change is.

Mr. BURFORD. Well, it produced a change in policy development.

Senator McCLURE. I would like you to highlight what changes you see.

Mr. STEPANEK. It all comes under the heading of increasing and maximizing, if you will, the production of forest products in consonance with maintenance of the environment.

Senator McCLURE. That requires an investment of time, seedlings, and management skills, does it not; more money?

WILD HORSE SANCTUARY DIRECTIVES

I think Senator Reid got into the wild horses and burros with you, but I did have one question in that regard I would like to ask.

Looking at conference reports and Senate reports with respect to the sanctuaries, the conference report states that more than one sanctuary in more than one climate should be established, and there is nothing in there that restricts the management. The Senate report states that the sanctuaries should be managed by different organizations.

It is my understanding that in reading the two reports together, you feel bound by each. Am I correct?

Mr. BURFORD. Yes.

Senator McCLURE. So, under current directions from this committee, you believe that if another sanctuary is established and you are attempting to do so, then it must be managed by a different organization?

Mr. BURFORD. That is my understanding of the meaning of the committee reports. I would say, in commenting on that, that I think it is possibly inefficient if we are to try to get, as Mr. Hyde is, support from various corporations for the total sanctuary program.

For example, several corporations, national corporations, have expressed interest in using the photographic opportunities of the sanctuaries for advertising purposes, and restricting it to different management groups may not give us the ability to allow that.

I would prefer that the management restriction not be included. But the Senate has decided, and I will fulfill to the best of my ability the directions imposed by Congress.

WILD HORSE SANCTUARY COMPETITION

Mr. STEPANEK. Senator, there is so much interest that interested parties are competing.

Senator McCLURE. Would you provide for the committee—and perhaps you would like to state it now—that competitive pressure? I am pleased to see that there is competition, and I hope the competition produces a better result, as we often have seen that it will.

You have indicated some cautious pessimism, I guess, about whether diversity of management is going to produce a better result, if I interpreted your comment correctly.

Mr. BURFORD. As I said before, it is tough to get a nationwide corporation interested in the program if they are going to be funding only one part of it or would be able to use the product, if you will, of only one area.

WILD HORSE SANCTUARIES—NEW PROPOSALS

Senator MCCLURE. How many different proposals do you have at this point?

Mr. STEPANEK. There are 15 to 20 proposals.

Senator MCCLURE. There are 15 to 20 that have expressed interest? Are you going to go out on the street with a proposal?

Mr. STEPANEK. Yes, sir.

Senator MCCLURE. When do you expect it to go out?

Mr. STEPANEK. It should be fairly shortly. We would like, if possible, to have a sanctuary contract in place by the end of this fiscal year.

Senator MCCLURE. Will the RFP include such matters as you have suggested, a way to try to evaluate the impact of multiple management as compared to single management? Will the RFP solicit these kinds of comments or enable us to make any kind of evaluation?

Mr. STEPANEK. The process doesn't go that far, Senator.

Senator MCCLURE. How do we evaluate that? Because the fundraising, the sponsorship is secondary. It is a level we lose from the proposer or from the relationship between the proposer and the government, and it would be very, very key to the success of the program.

Mr. STEPANEK. I suppose the only way to give that consideration would be somewhat subjectively to select the contract that best fits your needs. I am not sure whether that would be in accordance with the laws regarding contracting.

Senator MCCLURE. Do you include in the RFP any question of the proposer as to their source of funding, their expectation of the amount of funding?

Mr. STEPANEK. We have certainly indicated our expectations that the sanctuary will become self-supporting.

Senator MCCLURE. We state our expectations, but does it require that the proposer state what he believes his source of funding will be?

Mr. STEPANEK. Yes, sir; the proposal requires bidders to indicate the source of funding.

Senator MCCLURE. So, they will state on the proposal where they expect to get the money and how they may expect to make the payment?

Mr. STEPANEK. They are required to show how they expect to be self-supporting.

Senator MCCLURE. So, you need to make an evaluation as to whether or not that is a realistic statement or expectation on their part.

Mr. STEPANEK. To the extent that we don't have any experience at this point, yes.

Senator MCCLURE. We have very little experience. There is at least one example.

Mr. BURFORD. We have the one sanctuary that has been in operation for about 8 months.

Mr. STEPANEK. Close to a year. At this point we are still hopeful that by the end of the third year it will be self-supporting.

WILD HORSE SANCTUARY MORTALITY RATES

Senator MCCLURE. Two questions in that regard. What has been the mortality rates at that sanctuary?

Mr. STEPANEK. Very low.

Senator MCCLURE. Are they more or less than you had anticipated?

Mr. BURFORD. I would say that they were less. Some of the horses that went out there had come from drought-stricken areas. We did lose some of them because they were in an emaciated condition when they were captured, but there were less than we anticipated. We made sure that they had hay and feed.

In the Black Hills demonstration area, there are 150 horses. The main part of that same area is Mustang Meadows, where there were 1,364 horses sent. During the period three horses died in the Black Hills area and 39 died in Mustang Meadows. Those 39 were mostly from one shipment, and they were emaciated when they got there because of the drought last year.

Senator MCCLURE. Did you get any independent evaluation?

Mr. BURFORD. We have a veterinarian who examines every death.

Senator MCCLURE. He examines them and performs autopsies; right?

Mr. BURFORD. I think the horses were so emaciated that it was self-evident what they died of.

Senator MCCLURE. Do you have a veterinarian's report?

Mr. BURFORD. I am assuming that we do.

Senator MCCLURE. Will you provide that for the record, please.

[The information follows:]

LETTERS FROM WILLIAM F. BURFORD, D.V.M., VALLEY VETERINARY CLINIC

Mustang Meadows Wild Horse Refuge
Mr. John Litkin
P.O.Box 72
Kenzel, Nebraska 69219

Dear John,

As a result of my visit on February 15, 1989, you will find enclosed, the results of the tests run on the blood and fecal samples of necropsied horse #0952.

A summary of these findings is as follows:

Serum (blood) to Great Plains Regional Medical Center laboratory for SMAC determination-indicates an animal that is down or about to become recumbent.

Fecal examination-from necropsied animal shows detrimental intestinal parasite load (Strongyle). Also random sampling from rest of pasture showed presence of strongyles. This last fact is in direct contradiction to the random samplings from the same pasture in December 1988, in which not one worm egg was found in fifteen samples.

My recommendations:

Sort off horses in poorer condition and increase protein availability; worm animals with some appropriate vermifuge; leave horses on present area for two days after worming, then move to fresh pasture.

That all new arrivals to the Ranch be worned with the appropriate worner, after corral training and before turning out with the main herd.

Respectfully,
William F. Burford, D.V.M.

Gentlemen:

On December 6, 1988, I was called to The Buttery Meadows Horse Refuge, ten miles northeast of Hemrel, Nebraska, in South Dakota, to observe and examine the horse herd, both on their winter pasture forage and some animals just having arrived at the Ranch.

The concern at the time was the condition of a small number of the horses and subsequent death of some of these animals.

The affected horses were thin to emaciated, with most showing diarrhea. Some of them would get down, and die.

On this day, a 5 year old Gelding was located down. The animal would still attempt to rise, and was bright and alert. It's temperature was normal and showed no other gross symptoms of disease.

After euthanizing the horse, a complete necropsy was performed. To the eye, there were only two abnormal conditions present: Serous fluid was present both in the abdominal cavity and in the pericardium and about a dozen lots were attached to the stomach lining.

Blood and tissue samples were collected to submit to the Veterinary Science Laboratory in North Platte, Nebraska. Reports from this laboratory, as well as from the Medicine Valley Veterinary Laboratory, Curtis, Nebraska, The Animal Health Diagnostic Laboratory, Michigan State University, and The Great Plains Regional Medical Center, North Platte, Nebraska, are enclosed.

A summary of the findings follow:

Blood samples to Great Plains Regional Medical Center for CBC determination: All values within normal range, except for LD and AST, which would be expected with the horse being down.

Liver sample to Michigan State University: The values are normal.

Fecal sample examination to Valley Veterinary Clinic: Samples from necropsied horse indicated a strongyle infestation.

Conclusion:

The horses under scrutiny have been unable to recoup their strength from the stress of handling, transportation to the refuge, plus an internal parasite load.

Special nutritional needs for these horses need to be instituted or further loss of life can be anticipated.

Respectfully,

William F. Burford

William F. Burford, D.V.M.
Valley Veterinary Clinic
P.O. Box 645
North Platte, NE 69103-0645

REPORT OF LABORATORY EXAMINATION

FINAL PAGE 1 OF 1 (1)

ANIMAL HEALTH DIAGNOSTIC LABORATORY
P.O. Box 30076
Lansing, MI. 48909
Phone (517) 353-1683

PRIVILEGED INFORMATION
NOT FOR PUBLICATION

TOXICOLOGY

Case Number: 862114
Reported : 12/28/88
Received : 12/15/88
Case Origin: MAIL-IN

Client Account: 10813

JOHNSON, JERRE L.
NEBRASKA, UNIVERSITY OF
VETERINARY SCIENCE LABORATORY
ROUTE # 1 BOX 46 A
NORTH PLATTE NE 69101

Phone: 308-532-3611

Owner:

MUSTANG MEADOWS

Name :
Breed : MUSTANG
Age: 5y
Sex: MALE CASTRATED
Clinic ID: 5479-89

History : Horses suddenly lose condition, go down and die.

Specimen: LIVER

Test: GENERAL MINERAL ANALYSIS (values in ppm)

B (1.03)	Mg (195)	Sb (<1.00)	Se (<4.00)
Ba (.152)	Mn (1.85)	As (<1.00)	Tl (<5.00)
Ca (50.1)	Mo (1.03)	Cr (<.200)	Na (969)
Cu (8.24)	P (3370)	Cd (7.83)	K (3290)
Co (<.100)	Zn (244)	Hg (<1.00)	
Fe (727)	Al (8.61)	Pb (<1.00)	

Comments:
The liver iron is elevated as is the liver zinc and aluminum concentrations. Elevated tissue aluminum levels may be due to sample contamination and their significance difficult to determine. A high liver zinc value for the horse is reported to be 160 to 500 ppm whereas a toxic level is reported to be 1300 ppm or greater. Other tissue element concentrations are within expected ranges.

Robert H. Poppenga DVM PhD 12/22/88
Assistant Professor (517) 353-4773

The Animal Health Diagnostic Laboratory will be closed during the approaching holiday season according to the schedule listed below:

December 23 and 26 (Christmas)
December 30 and January 2 (New Year's)

REPORT OF LABORATORY EXAMINATION

FINAL PAGE 1 OF 1 (1)

ANIMAL HEALTH DIAGNOSTIC LABORATORY
P.O. Box 30076
Lansing, MI. 48909
Phone (517) 353-1683

PRIVILEGED INFORMATION
NOT FOR PUBLICATION

NUTRITION

Case Number: 862114
Reported : 01/04/89
Received : 12/15/88
Case Origin: MAIL-IN

Client Account: 10813

JOHNSON, JERRE L.
NEBRASKA, UNIVERSITY OF
VETERINARY SCIENCE LABORATORY
ROUTE # 1 BOX 46 A
NORTH PLATTE NE 69101

Phone: 308-532-3611

Owner:

MUSTANG MEADOWS

Name :
Breed : MUSTANG
Age: 5y
Sex: MALE CASTRATED
Clinic ID: 5479-89

History : Horses suddenly lose condition, go down and die.

	Results:		Normals:
Specimen: LIVER			
SELENIUM TISSUE ANALYSIS	1.64	ug/g dry wt.	1.2-2.0 ug/g

Comments:

Howard D. Stowe 01/04/89
Section Chief, Nutrition (517) 353-9312

CLINICAL PATHOLOGY

CASE NUMBER 5469-89 OWNER John Peltzer / Mustang Meadows

DATE 12-7-88 SPECIES Equine

BLOOD ANALYSIS

Sample Number		Reference Normal		
Hemoglobin	16	13		
Hematocrit	49			
RBC		8		
WBC	10.12.0	9		
Differential				
Stab Cells	47	~~55~~		
Segmenters	34			
Lymphocytes	17	35		
Monocytes	2	5		
Eosinophils	0	4		
Basophils	0	-1		

URINALYSIS

Sample Number				
Blood				
Ketones				
Glucose				
Protein				
pH				
Color				
Specific Gravity				
Microscopic				

VETERINARY SCIENCE LABORATORY
UNIVERSITY OF NEBRASKA, WCREC
R 4 BOX 46A

PATHOLOGY SERVICES, P.C.
REPORT TO: [illegible]

Unless noted; testing performed at
Great Plains Regional Medical Center
Medicare 928-0065 CLIA 26-1003

MELANIE A. WYCOFF, M.D.
DOROTHY M. WYCOFF, M.D.
BYRON L. BARKSDALE, M.D.
LYLE W. BARKSDALE, M.D.

NAME: EQUINE,WILD HORSE
PAT#: A1011 990117496 AGE: 5Y SEX: M
ACCT: Valley Veterinary Clinic DR: BURFORD, WILLIAM F, DVM
VALLEY VETERINARY CLINIC
BOX 645
NORTH PLATTE, NE 69101

12/06/98 13:00 # W5846 12/07/98 09:25

CHEMISTRY PROFILE	(PHONE)			
SODIUM	* 131	MMOL/L	[135-148]	
POTASSIUM	4.3	MMOL/L	[3.5-5.5]	
CHLORIDE	* 90	MMOL/L	[98-108]	
UREA	18	MG/DL	[8-23]	
CREATININE	1.0	MG/DL	[0.7-1.5]	
URIC ACID	* 0.6	MG/DL	[3.9-9.0]	
PHOSPHORUS (INORG)	* 1.7	MG/DL	[2.4-4.5]	
CALCIUM	* 11.9	MG/DL	[8.5-10.5]	
ALBUMIN	* 2.9	GM/DL	[3.7-5.5]	
TOTAL PROTEIN	7.0	GM/DL	[6.3-8.2]	
GLOBULIN	* 4.1	GM/DL	[2.0-3.5]	
A:G RATIO	* 0.7	RATIO	[1.1-2.2]	
GLUCOSE	66	MG/DL	[65-115]	
TRIGLYCERIDES	33	MG/DL	[10-140]	
CHOLESTEROL	* 80	MG/DL	[120-180]	
LD (LDH)	* 638	U/L	[80-200]	
AST (SGOT)	* 420	U/L	[0-41]	
ALT (SGPT)	17	U/L	[0-45]	
GAMMA GT	18	U/L	[0-65]	
ALK PHOSPHATASE	* 54	U/L	[55-170]	
BILIRUBIN, TOTAL	* 2.1	MG/DL	[0.2-1.2]	
BILIRUBIN, DIRECT	* 0.5	MG/DL	[0.0-0.3]	
BILIRUBIN, INDIR.	* 1.6	MG/DL	[0.2-1.2]	

EQUINE,WILD HORSE
PAGE 1

END OF REPORT

NOTHING PENDING - FINAL REPORT
12/08/98 11:23

NAME: [redacted] MUSTANG MEADOWS
PATN: [redacted] AGE: 2Y
ACCT: Valley Veterinary Clinic

DR: BURFORD, WILLIAM J. DVM
VALLEY VETERINARY CLINIC
BOX 646
NORTH PLATTE, NE 69101

02/15/89 13:08 # H6758 02/15/89 08:38

CHEMISTRY PROFILE	(PHONE DOCTOR)			
SODIUM	142	MMOL/L	[135-148]	
POTASSIUM	* 6.8	MMOL/L	[3.6-5.5]	
	VERIFIED BY REPEAT ANALYSIS			
CHLORIDE	99	MMOL/L	[98-108]	
UREA	12	MG/DL	[8-23]	
CREATININE	0.8	MG/DL	[0.7-1.5]	
URIC ACID	* 0.3	MG/DL	[3.9-9.0]	
	RESULT CHECKED			
PHOSPHORUS (INORG)	* 1.2	MG/DL	[2.4-4.5]	
CALCIUM	* 11.4	MG/DL	[8.5-10.4]	
ALBUMIN	* 2.3	GM/DL	[3.7-5.5]	
	VERIFIED BY REPEAT ANALYSIS			
TOTAL PROTEIN	6.3	GM/DL	[6.3-8.2]	
	VERIFIED BY REPEAT ANALYSIS			
GLOBULIN	* 4.6	GM/DL	[2.0-3.6]	
A:G RATIO	* 0.5	RATIO	[1.1-2.2]	
	VERIFIED BY REPEAT ANALYSIS			
GLUCOSE	* 42	MG/DL	[66-115]	
	VERIFIED BY REPEAT ANALYSIS			
TRIGLYCERIDES	30	MG/DL	[10-140]	
CHOLESTEROL	* 81	MG/DL	[120-180]	
LD (LDH)	* 701	U/L	[60-200]	
	VERIFIED BY REPEAT ANALYSIS			
AST (SGOT)	* 248	U/L	[0-41]	
ALT (SGPT)	16	U/L	[0-45]	
GAMMA GT	8	U/L	[0-65]	
ALK PHOSPHATASE	102	U/L	[55-170]	
BILIRUBIN, TOTAL	0.8	MG/DL	[0.2-1.2]	
BILIRUBIN, DIRECT	0.2	MG/DL	[0.0-0.3]	
BILIRUBIN, INDIR.	0.6	MG/DL	[0.2-1.2]	

LABORATORY USE

PRIN. ACC. NO. / DATE

SPEC. ACC. NO.

U.S. Department of Agriculture
Animal and Plant Health Inspection Service
Veterinary Services

EQUINE INFECTIOUS ANEMIA
- LABORATORY TEST REPORT

TESTING [illegible]. Submit to laboratory [illegible]. Blood samples to remain [illegible] for 10 days unless [illegible]. Laboratory [illegible] all samples after testing.

1. Date: DECEMBER 9, 1988 | 2. PAGE 1 OF 1

3. NAME & ADDRESS OF OWNER (Include Zip Code)
MUSTANG MEADOWS HORSE RETREAT
ALAN DAY
C/O JOHN PITTIN
NEARELL, NE

4. VETERINARIAN'S NAME & ADDRESS (PLEASE TYPE OR PRINT NEATLY BELOW & BETWEEN DOTS.

VALLEY VETERINARY CLINIC
WILLIAM F. BRADFORD
P.O. BOX 645T
NORTH PLATTE, NE 69103

SEX: F - Female, S - Stallion, G - Gelding
TEST RESULTS: POS - Positive, NEG - Negative

Horse No.	Horse's Permanent Identification (Name, ID No., Brand, etc.)	Age	Breed	Sex	Color	Test Result	Reactor ID No.	Remarks
#1	MUSTANG, SADDLE	5YR	MUSTANG	G	SORREL	NEG	E880167	
	2.							
	3.							
	4.							
	5.							
	6.							
	7.							
	8.							
	9.							
	10.							

5. HORSES STABLED AT (Address): 10 MILES - NO. EAST NEARELL, NE

I hereby certify that this is a correct record of blood samples taken by me.

6. TOTAL NO. BLOOD SAMPLES TAKEN → ONE

COUNTY: SOUTH DAKOTA | FROM: NEARELL

7. Signature (Accredited Veterinarian): William F. Bradford | 8. DATE: Dec. 9, 1988

LABORATORY USE ONLY

DATE RECEIVED: 12-12-88 | DATE READ: 12-13-88 | [illegible]: 122-003 | NAME OF TEST: COGGINS ☐ | OTHER (Specify)

ADDITIONAL DATA

TEST SUMMARY	
No. Negative	1
No. Positive	
TOTAL	1

NAME OF LABORATORY: MVV - Lab | BY: [signature] | DATE

Contract between Bill Burford D.M.V. and Mustang Meadows Ranch, Jan. 1,1989 to Dec. 31,1989. Bill Burford agrees to be on call and available for consultation and professional service to Mustang Meadow Ranch at all times. Duties will be related to general health and preventive medicine for the wild mustang horse herd on Mustang Meadow Ranch.

The pay for these services will be $300 per month. This amount will assure the availability of Dr. Burford for at least 4 trips to the ranch each month. Additional trips, if needed, will be billed at regular office rates per visit. All lab fees for blood testing or post mortem analisis will be billed at regular lab fee rates.

William F. Burford Dvm.

Senator McCLURE. Mr. Chairman, I have a number of other questions which I will submit for the record.

EMERGENCY FIREFIGHTING TRANSFERS

Chairman BYRD. I understand that in fiscal year 1988, BLM transferred $3.9 million from its land acquisition account and $500,000 from its construction account to meet emergency firefighting expenses. Of this $4 million, only $2.219 million has been repaid.

How do you intend to repay the remaining $1.781 million?

Mr. BURFORD. I think we are going to have to make it up, as we have no request for additional funds.

Chairman BYRD. How will you make it up?

Mr. BURFORD. Probably, if there is any excess in the firefighting funds for this year. Sometimes we overestimate our budget and could restore the funds at the end of the fiscal year 1990.

Chairman BYRD. You are intentionally overestimating the budget?

Mr. BURFORD. No, sir.

Chairman BYRD. How do we know when it is overestimated and when it is not? Do you know?

Mr. BURFORD. We prepare a midyear report and assess what we are continuing to accomplish and expend. We have had some cost overruns in various programs, and for some reason or another we did not expend some of the funds available in other programs. So, we asked for some reprogramming.

Chairman BYRD. What proportion of BLM's land acquisition and construction accounts have been affected?

Mr. STEPANEK. Do you want them by name, sir? There are six projects. The King Range in California; Upper Missouri Wild and Scenic River; the Rio Grande Wild and Scenic River in New Mexico; Gila Lower Box in New Mexico; and others.

Chairman BYRD. The question is what accounts have been affected by this failure to account for the full $4 million, only $2.2 mil-

lion was paid. I have asked how you intend to repay the remaining $1.7 million. What projects have been affected?

Mr. HILDEBEIDEL. There are six land acquisition projects.

Chairman BYRD. Were these projects added to your budget by the Congress?

Mr. HILDEBEIDEL. Yes; they were.

Chairman BYRD. They were added at the same time?

Mr. HILDEBEIDEL. Yes; they were.

Chairman BYRD. Are you requesting a supplemental to replenish these accounts?

Mr. HILDEBEIDEL. There is no supplemental requested.

Senator MCCLURE. Could I ask a question? Why were the congressional add-ons the ones that were affected by the shortfall?

Mr. HILDEBEIDEL. Our entire land acquisition program and construction program was a congressional add-on.

Senator MCCLURE. The entire program?

Mr. HILDEBEIDEL. Yes.

Senator MCCLURE. So, it wasn't a selection from it.

Mr. HILDEBEIDEL. No, sir.

Senator MCCLURE. Excuse me. It wasn't selected just because it was an add-on, it was selected out of the total add-on?

Mr. HILDEBEIDEL. Yes, sir.

Senator MCCLURE. Thank you, Mr. Chairman.

Chairman BYRD. Why could they not have taken that out of operations instead of land acquisition and construction?

Mr. HILDEBEIDEL. We are required by the law, sir, to use no-year appropriations. Our only no-year appropriations were these accounts.

Chairman BYRD. The budget indicates that absent enactment of the authorizing legislation, the fiscal year 1990 estimate for fire management would be $10,032,000. This would be an increase of $750,000 over fiscal year 1989.

If the administration's fire proposal is not enacted by the Congress, should the subcommittee assume that the administration's fiscal year 1990 request for firefighting and rehabilitation is the $84.3 million that the legislative proposal would take from timber and mineral receipts?

Mr. HILDEBEIDEL. The proposal, as approved by OMB, would be that if the legislation is not enacted, the budget request would be $10 million for fire management funds plus the same level as we received last fiscal year for firefighting and rehabilitation, which was $75 million. So, that would be the budget request.

Chairman BYRD. In the event that the legislation was not enacted, does the administration intend to submit a budget amendment to request this $85 million?

Mr. HILDEBEIDEL. I am not aware of any proposal to submit an amendment.

Mr. BURFORD. Is that right, Tony?

Mr. ITTEILAG. Yes, Mr. Chairman. We would hope that, absent action by the legislative committees on this proposal, that perhaps the appropriations committees would look favorably on what I call the plus side of this transaction; that is, the idea of having a permanent indefinite appropriation or some upfront funding for firefighting in the fiscal year 1990 appropriations.

Chairman BYRD. This is just another tactic for offloading on the Congress the problem of saying, "You figure out how to fix it."

PAYMENTS IN LIEU OF TAXES

I understand that the fiscal year 1990 budget request for the payments in lieu of taxes appropriation is $105 million. How do you compute the amount of funding which would be available to accommodate other forms of local government?

Mr. BURFORD. That answer will be very complicated. It has to go through the State legislature. I was more familiar with it when I was in the State legislature. There is a fairly complex formula for considering receipts and so forth.

Chairman BYRD. Can anyone tell us how you compute that?

Mr. HILDEBEIDEL. The formula involves the computation of two alternatives, one of which is the number of acres in the entitlement lands in the individual county multiplied by 75 cents for each of those acres and then decreased for 12 listed acts or other receipt-sharing acts that Congress has authorized to provide the funds to the counties. The result is then capped by population.

Then there is another alternative. That would be 10 cents an acre for entitlement lands without deductions. The formula provides that the county be paid the greater of the two amounts. Of course, this is subject to how much money is appropriated in order to pay the calculated amounts.

So, after we do the calculation, we compare that against how much money we have available.

Chairman BYRD. Not less than 10 cents an acre?

Mr. HILDEBEIDEL. No, sir; that's correct.

Mr. BURFORD. We have been able to pay out nearly the full amount in the last several years.

Chairman BYRD. As was discussed earlier, the administration is proposing to fund the fiscal year 1990 costs of fighting fires on Federal lands by reducing timber and mineral receipts which would be paid to States and local governments.

Do the administration's out-year projections on PILT show an increase based on the assumption that the administration's firefighting proposal will be enacted?

Mr. HILDEBEIDEL. The current projection that OMB has made, yes, does project a small increase in PILT funding in future years.

Chairman BYRD. What would be the PILT funding under the administration proposal in fiscal year 1991?

Mr. HILDEBEIDEL. I believe, as I recall, it is $110 million. It would be an increase of $5 million.

Chairman BYRD. Senator Stevens.

ALASKA OILSPILL

Senator STEVENS. Mr. Chairman, I thank you for your courtesy. I have to go to another meeting on the coordination of efforts on our major disaster that is ongoing up north.

Chairman BYRD. Would you like to ask some questions at this time?

Senator STEVENS. Very much.

Mr. Director, could you do us a favor and ask that your people provide some maps for everyone concerned? I think there ought to be several copies of the maps that shows the Prince William Sound and Kodiak area as far as Kenai.

And of the amount of that that is federally owned land, I was appalled this morning to find that there are people dealing with this disaster that don't realize that about 95 percent of the land that is involved that is being hit by oil is federally owned.

Mr. BURFORD. Most of the land is managed by the Forest Service and the Fish and Wildlife Service.

Senator STEVENS. I don't think you have much there, but I know you keep the records, and I know each one is just looking at their piece. No one is seeing the total reality of it.

I don't think the White House is really cognizant of the fact that this oil is primarily hitting land that is controlled by the Federal Government. There is very little that is privately or native-owned in that area.

Mr. BURFORD. Certainly we are aware of it. BLM is helping to coordinate the effort and has set up in the Interior Building in Washington, DC, a communications center that includes a map of the areas affected by the spill. We are in constant contact with the regional response team in Alaska.

Senator STEVENS. I would like to show one that emphasizes or shows with some sort of coloring device the Federal lands as distinct from the non-Federal land. It just will jump out at you. The area that really has got the permanent damage, if there is permanent damage, is Federal land, primarily designated the national park, the big forest there that the wildlife refuge is on, that area, the bird refuge. There are so many things there that are involved.

ALASKA LAND JURISDICTION

I still am concerned. I have asked questions here before. We have, as I see it, over 270 million acres of public lands that fall under your jurisdiction. Our calculations show 120 million. I guess you didn't go that far. I believe your statement indicated that there were 90 million acres in Alaska. I would like to have 120 million acres in Alaska under your jurisdiction. I happen to believe there is 120 million.

Mr. BURFORD. You realize that this is not a static condition. State selections take place often, as fast as the lands are surveyed.

Senator STEVENS. Even so, one-third of the lands under your jurisdiction are in Alaska, and only 10 percent of your budget is.

Mr. BURFORD. A lot of the budget goes to manage people who use the lands. Maybe I can make it easier to manage the people, Senator, but a lot of your lands——

ALASKA PROGRAM BUDGET REQUEST

Senator STEVENS. Are not productive, but they are your lands, and I notice you have got a decrease this year in the budget request for Alaska.

Mr. BURFORD. A slight decrease, yes.

Chairman BYRD. Do you want a statement about that? Would you take it?

Senator STEVENS. Yes, we'd take it.

Mr. BURFORD. You always give away all the land.

Senator STEVENS. We'll take it. I don't think they'll give us what's left. We have a proposed cut of $1.7 million in the program that we had established for conveyances to the State of Alaska in the Statehood Act and the native people under the Alaska Native Act. It is my understanding that there is still 20 million acres that have not been approved or patented to the State and 10 percent, almost 25 percent of the lands of our State were committed to the native peoples in 1971.

In terms of that specific program, why would you have a $1.7 million reduction? I think that is the critical program for us is those conveyances.

Mr. BURFORD. You and I have discussed this before. I concur with you that it is a key program. Our 1990 workload anticipates three million acres will be transferred to native corporations, one million acres will be transferred to the State of Alaska, and 880 native allotment claims will be resolved. And I requested more funding in the budget for that.

Senator STEVENS. I understand that. I remember too well being on the other side of the table, having been in the old Bureau of the Budget, trying to consider the program.

It looks like this one has got a low priority over there, and I don't really understand why, because it will be another 20 years before those people get title to their land. Congress committed it to them in 1971, and here we are conveying less than half a million acres to the natives a year now.

What does your schedule show?

Mr. BURFORD. Three million to be transferred to native corporations, one million acres to be transferred to the State of Alaska.

Senator STEVENS. Do you think we will get three million out to the natives this year?

Mr. BURFORD. That is our projection for 1990.

Senator STEVENS. That would be an increase in that program. The surveying program is down $4 million. And one program is depending on the other. The surveying program is doing the work that is necessary to do the work of the conveyances.

So, as I understand it, you have a reduction from $15 million down to $11 million on the surveying program.

Mr. BURFORD. I requested that we have to work together. As you very well understand, I told you I would try to put that $4 million back in the program before I left.

Senator STEVENS. I would like to help you do it if I can. I am hopeful that my two friends here can understand that these priorities that we are seeing from the Department aren't too sound. I understand that we have limitations, but there are other areas where the Department has put money that don't have the priorities.

ALASKA FIREFIGHTERS

We are very proud of our fire service people. I don't know if my two Senate friends here realize that you sent crews made up of

Alaska native peoples to Boise, to Nevada, to Reading, CA, to deal with the firefighting down there.

Our trouble is that more land burned in Alaska than burned in the whole Nation last year, and we left some of our fires burning to go outside and tend them. I understand there are national priorities in terms of things like Yellowstone, and I think we as Alaskans recognize that. But we think that there are other fires that were let go to go take our people outside.

Why were our firefighters trained in Alaska taken outside when there are more fires burning in Alaska than outside?

Mr. BURFORD. That determination was made at a higher level than mine. I believe, some of the fires that you mentioned were in areas of habitation, and that probably affected the reason for sending your firefighters to the other States.

Mr. STEPANEK. I might add that there is a reevaluation of the policy of prescriptive burning in Alaska. The problem, I think, is that the State is so large.

Senator STEVENS. That was going to be my next question. I have heard people talk about the fire policy in Yellowstone—maybe we had some testimony here—whether there shouldn't have been some burning, sort of preventive medicine burning.

We have had very little of that lately because of some attitudes that crept in somewhere that indicated that if there should be fires, we ought to let God set them. I am a great believer in the Divine Spirit, but I don't see that we ought to not do what he gave us the brains to do, and that is to try to prevent this damage if it is at all possible.

Small fires, I am told, are preventable. There was a whole series of these massive fires last year. Are you going to review that policy again?

Mr. BURFORD. The review team is meeting now to review the issue.

Mr. STEPANEK. We are about to release a final policy statement that will have a stricter set of provisions for when we let fires burn.

Senator STEVENS. Is that something now that we are going to get fights in the courts on and an environmental impact statement procedure?

Mr. BURFORD. I don't think so. I don't think we should.

Senator STEVENS. My memory of that environmental impact procedure was it wasn't supposed to prevent emergency actions. It ought to be made into a policy statement. But my fear is that we might get caught up in it.

ALASKA NATIVE TRAINING PROGRAM

I want to congratulate you. I think Mike Penfold has developed a great new program in his program to train native Alaska people to be involved in resource management. That is exceptionally important now that a lot of this land has been turned over to them.

I think one great way to make up for this delay would be to step in and have some people trained not only to work with you on the lands you still have under jurisdiction but be a constant sort of source of trained people that the native villages and organizations

can have from their own people to be sure that they manage this land that we have through our Government conveyed to them in settlement of their claims.

Do you have money to keep up that program?

Mr. BURFORD. Yes; we have some money in the request.

Senator STEVENS. I looked, but I couldn't even find it. My people tell me that we need at least $250,000. Can you tell me if we've got it? I will have to argue with these people and twist arms if they have already got the money.

I think it is one of the finest programs we've got. We will have 44 million acres of land before we're through, and it has been delayed so often that they have had no training program. If it's going to come, they have got to have some assistance training people in land management techniques.

Mr. BURFORD. I don't know what we're going to spend on that in 1990.

ALASKA MINING LAW PROGRAM

Senator STEVENS. A last question, and that is the mining law program. We had $1.44 million in the 1989 budget. It was down $115,000 in the mining law program.

How much is allocated in this budget to that program? Has it had an allocation yet on the mining law?

Mr. BURFORD. We haven't made a funding allocation to our field offices yet.

Senator STEVENS. How do you decide how much ends up there if we don't earmark it? I know you allocated this last time. It was $115,000 less in 1989 or 1988. And it looks like it's a down trend line. I would like to find out how to stop that motion if it's possible.

Mr. HILDEBEIDEL. Part of the allocation process, of course, as you are well aware, Senator, is finding the money to cover activities for all areas that we administer.

So, part of our allocation is based on the priorities and the workloads in different areas. Alaska recently has had a situation of doing EIS's for four different areas, and we have had a fairly heavy workload.

Senator STEVENS. But we've got a massive return of mining now. I am sure that Senators Byrd and McClure would be interested in that, and will be happy, as I am, that it is coming back. We have three world-class mines that are going to be opening up this next year. We have had a tripling of individual mines being operated on an annual basis.

I am told that the mining exploration by major companies in Alaska is at an all-time high. That means that if you are going to be able to keep track of what's going on and make sure that it's done right and also that we have the protection in legal rights, that mining law amount is probably one of the most important things in the mining business.

MINING LAW RECORDATION FEES

Mr. HILDEBEIDEL. I would like to point out for the Senator that we do also. When we look at the size of the appropriated money for the mining law program that we are asking for in this budget, we

need to recognize that we will be collecting receipts from mining claim applications as well.

Our estimate is that we will get about $6 million in funding from those receipts, which also would be added to the $10 million appropriation and would give us quite an increase in funding in 1990 over where we are today. As I said before, we do try to allocate that money based on the priority workloads in Alaska, Nevada, Idaho, California, and Oregon. There are a number of such areas.

Senator STEVENS. I understand the constraints involved and the whole operation, and I congratulate you and your staff for what you have been able to do to keep it going. I guess those are the areas that are primarily affected. I am concerned about this trend line that continues down. There is an imbalance there in demand and the allocation of assets that I hope the Congress will look at.

Mr. BURFORD. Senator, like you I have that same concern. And given the Federal budget constraints, I have suggested that people who have claims and have to record those claims should pay a small fee for that recordation. We will use the money which was formerly appropriated for recording mining claims for on-the-ground work and make the annual recordation cost a responsibility of the operator through the increased fee.

One of the reasons for this is that we have had in recent history a lot of what we term nuisance claims. In Utah, a couple of individuals went out and staked about 100,000 claims.

Senator STEVENS. I remember that. As a matter of fact, there was someone sending out advertisements from Denver. They were frauds, as I recall. But I do think you should pursue that. I would be willing to help you pursue it.

Mr. BURFORD. We have published regulations which we think will slow down some of that fraudulent activity to record the original mining claims. We have also added some other fees that we think that will slow down the fraudulent activity.

Senator STEVENS. Is that published already? You have the authority to do that? You don't need any more regulatory authority?

Mr. BURFORD. The increased fees are published in the regulations, and we did not get very much adverse comment.

Senator STEVENS. I would expect that from up my way our people would be pleased to put up funds to make sure that part of the process is fast.

Mr. BURFORD. This should free up the money that we have spent on that portion of the program and as agreed by OMB that would be returned to the mining law program. This should allow us to put more money toward compliance work and more investigations.

We started work on it about 1 year ago, and I think those rules are final.

Mr. ODEN. They became effective on January 3.

Senator STEVENS. That is wonderful.

Again, I thank you for your courtesy, and I reiterate my request that you find some way to get us a map of that area that we can distribute. I am going over to the Department this afternoon, and I am sure a lot of people don't realize how much of that land belongs to the Federal Government.

Mr. BURFORD. We will see that the maps are distributed to the committee.

Senator STEVENS. I think the White House needs one, the Departments of Energy and Defense and so forth. They have maps, but if they don't look at those maps, they don't realize who owns it.

Mr. BURFORD. I think you can probably have them by this afternoon.

Senator STEVENS. Good.

Thank you very much.

FAREWELL TO DIRECTOR BURFORD

Senator MCCLURE. I should earlier have done this, and I didn't. I would like to take the opportunity to thank Mr. Burford for the years that he has given to the administration of this Department of the Federal Government. I suspect this is your last appearance before this committee in your current job.

Mr. BURFORD. Unless I make some real big mistake. [Laughter.]

But I am not guaranteeing I won't.

Senator MCCLURE. It has been a very difficult task in a somewhat turbulent time in public lands management. But the fact that you have been around as long as you have I think is due to a combination of your skill as a manager and an administrator of public policy. These are certainly controversial contentious issues that we have all had to work with. We as a nation and we as members of Congress have benefitted.

Thank you.

Mr. BURFORD. I would like to thank the members of the committee who have helped me throughout the past, it has been almost 8 years. I was sworn in on May 7, 1981, and probably will complete 8 years. I have enjoyed working with the Senate and the House. We have not always agreed. But I think each individual respects the positions the others have had.

The members of the management team have been pleased to work with this committee for the length of time we have. For some reason, I have lasted longer than any other director in history.

Senator STEVENS. Mr. Chairman, I don't know if you realize it, but a year from June, I will have been working with the BLM for 40 years. I came to this town in 1950, working on matters that BLM was involved with: A few tidelands lawsuits and Supreme Court lawsuits. But I was down there for 5 years, and I think you have every reason that your name will go down in history as one who has had quite an honor.

I remember some of your predecessors who had very few friends who waved at them with all five fingers. [Laughter.]

Mr. BURFORD. I have had some of those other friends, too.

Senator STEVENS. Thank you, Mr. Chairman.

BLM INVOLVEMENT IN ALASKA OILSPILL CLEANUP

Chairman BYRD. Mr. Burford, will any BLM personnel be involved in the Prince William Sound cleanup?

Mr. BURFORD. We have provided support services there. As Senator Stevens said, none of the land is actually BLM land but we do have an overhead team that has already been put in place. What we do is provide support services and also will actually be working on the ground. We did have some emergency crews on standby,

which Exxon cancelled. But we have flown people into Valdez and—what is the name of that park?

Senator STEVENS. Kenai Fjords.

Mr. Chairman, if I could interrupt, I was there a week ago last Saturday, and one team that was really making sense was the Department of the Interior's interagency committee team. That really was one of the teams who was involved in going down to the Montana fires. They had set up a plan for protection of the Kenai Fjords National Park, Resurrection Bay, and the wildlife refuge there. It's a bird refuge. It is one of the finest plans you've ever seen. They set priorities, and they were honest about it. As a matter of fact, the highest priority they set was non-Federal land. It was land that belonged to the city of Seward. They determined how much equipment was necessary, how it should be prioritized, and how it should get in. They did such a good job and checked for the stuff that they wanted, and it was delivered just as I left, as a matter of fact.

OILSPILL REIMBURSEMENT TO BLM

This team probably is the best team, and one of the aftermaths of this, I think, Mr. Chairman, ought to be some oversight of this committee to see how the money was spent. We will get it back, I hope, from Exxon.

Mr. BURFORD. That is one concern of ours, and we are working on it to make sure that the money does come back to us.

Senator STEVENS. That is also what I was going to say. When it's recovered, the law is not clear that it goes back to the agencies that spent it so they can then catch up with their books on what they spent. We are going to look at that.

Mr. Chairman, you would be very proud of those people, all of those people under the jurisdiction of this committee—the Forest Service people, the Park Service people, BLM, Fish and Wildlife. They had people, almost volunteers, from each of the agencies up there to come and do that. It was one of the best jobs I have seen.

As a matter of fact, when we saw that Exxon had refused to service that team, that's when we demanded that the Coast Guard be put in charge.

Mr. BURFORD. As soon as we found out about the spill, we talked with an official, and he said there is some dispute about funding and whether we can actually do this. I said get the people down there. And thus we had a response.

Senator STEVENS. We will get you the money back.

Chairman BYRD. Are you going to need to reprogram any of your 1989 funds?

Mr. BURFORD. We may need to do that.

Senator STEVENS. We are looking now, Mr. Chairman, and seeking an amount of money to be made available to make sure that they have this capability, realizing that the recovery probably won't take place until 1990. I don't really know how it's going to fit in. It may not get back until 1990.

Chairman BYRD. Do you have any further questions?

Senator MCCLURE. I just wanted to underscore my commitment to make certain that the money from Exxon should go back to the Federal agencies which expended moneys.

Mr. BURFORD. I think some people don't understand the fact that the administration did not federalize this effort, because they don't want to let Exxon off the hook. We are responding with everything we have and everything we can possibly use. The Coast Guard is now coordinating, but it is still not federalized because it is a disaster which certainly could have been avoided by better procedures on the part of Exxon themselves.

ADDITIONAL COMMITTEE QUESTIONS

Chairman BYRD. Thank you, Mr. Burford.

There will be questions submitted by me and by other members of the subcommittee. And we appreciate your responses. Thank you very much.

Mr. BURFORD. Senator, I promised not to change the name of the Boise interagency fire response center.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Bureau of Land Management

Land Acquisition

On page 2 of your testimony, you state that, "The FY 1990 budget as submitted by the Reagan Administration for the BLM has been adopted by President Bush within the limits of the "flexible freeze" in domestic discretionary domestic programs, with the exception that a budget amendment is expected to be submitted soon for additional funding for land acquisition, utilizing the Land and Water Conservation Fund. Proposed acquisitions will be in direct support of the Administration's goal of acquiring land for recreational purposes in areas of expanding recreational use."

1. Question: Mr. Burford, can you provide any information today about the amount of money that the BLM will be requesting for land acquisition in FY 1990?

   Answer: In the proposed Amendment to the 1990 budget by the Bush Administration for the Land and Water Conservation fund the BLM Land Acquisition funds request is anticipated to be $20.885 million.

2. Question: Why is the development of this amended request taking so long?

   Answer: Additional time was needed by the OMB and the Department of the Interior and Agriculture to evaluate acquisition priorities among the four involved agencies (BLM, FWS, NPS and Forest Service) in response to the President's FY 1990 LWCF budget revisions and program emphasis.

3. Question: Is the BLM preparing a priority list with specifically identified projects, and related costs, to be included in the budget amendment?

   Answer: Yes. This has been completed and submitted to OMB as of April 26, 1989. This list follows:

4. Question: Are BLM projects going to be ranked against those from the National Park Service, the Fish and Wildlife Service, and the Forest Service?

   Answer: Yes. This ranking has been completed and also has been submitted to OMB.

5. Question: Who will make the final decisions--OMB?

   Answer: OMB will make the final decision in consulation with the Departments of the Interior and Agriculture.

6. Question: What criteria are being used to rank one acquisition against another -- is there an emphasis on recreation potential, or on protection of endangered species, for example?

   Answer: Criteria for ranking potential acquisitions were developed by the Department and OMB in consulation with BLM and other land management agencies. These criteria provide a balanced assessment of both recreational and conservation oriented acquisitions. Properties enhancing recreational opportunities or related to high use recreation areas are emphasized as well as conservation of valuable riparian areas and threatened and endangered species habitat, which are in danger of conversion to incompatible uses.

BUREAU OF LAND MANAGEMENT
Land & Water Conservation Fund
Land Acquisition Priority List

Priority No.	Project Name	Acreage	FY90 ($000)
1	N. Fork American River, CA	240	250
2	Upper Sacramento River, CA	1,300	1,720
3	Carrizo Plains, CA	35,000	6,000
4	Chuckwalla Bench, CA	2,500	500
5	Desert Tortoise Nat Area, CA	600	1,200
6	S. Fork Merced River, CA	160	250
7	S. Fork Snake River, ID	1,700	1,750
8	New River ACEC, OR	120	500
9	McCain Valley RCA, CA	400	250
10	Bureau River, ID	160	40
11	Lower Salmon River, ID	1,568	1,200
12	Bizz Johnston Trail, CA	150	300
13	Kings Range NCA, CA	600	500
14	Lomas/Santa Fe, MT	142	590
15	Overflow Wetlands HMP, NM	804	240
16	Owyhee River, OR & ID	1,500	1,320
17	El Malpais, NM	50,000	1,250
18	Upper Missouri W/S River, MT	419	200
19	Pariette Wetlands, UT	503	210
20	Big Hole River, MT	393	180
21	Colo R/Blk Ridge Canyon, CO	1,200	300
22	Fig Springs, AZ	640	210
23	Oregon Nat'l Trail, ID	1,600	405
24	Rio Chama, NM	1,020	350
25	Rio Grande, CO	280	70
26	Warner Basin, OR	15,000	--
27	Organ Mtns, NM	6,300	6,220
28	Steens Mtns, OR	640	1,000
29	E Mojave Nat'l Scenic A, CA	16,000	1,000
30	Emigrant Springs, WY	40	12
31	Riverwood Ranch, ID	1,920	120
32	Trout Creek Mtns, OR	640	120
33	Yakima Canyon, WN	5,000	500
34	Schmidt Tract, MT	34	250
35	Ferris Mtns, WY	1,800	350
36	Indian Ck Rec Lands Tr, NV	220	200
37	Chacoan Outliers, NM	5,731	665
38	Parkdale/Ark R. Access, CO	30	100
39	Upper Colo St Bridge Acc, CO	34	250
40	Fort LaClede, WY	8	20
41	Fremont R. Narrows, UT	160	60
42	Red Cloud Peak, CO	40	100
43	Spring Gulch, ID	4	15
44	Yuba Res Rec Area, UT	1,362	275
45	Desert Tortoise Crit Hab, UT	320	120

7. Question: How were these criteria developed? Did the BLM have a role in selecting the criteria?

Answer: The criteria were developed by the Department and OMB based on existing criteria already in use by individual agencies. BLM has had a role in reviewing and commenting on draf criteria before their adoption.

8. Question: What are the specific criteria that you are using to establish land acquisition priorities?

Answer: The DOI/USDA/OMB criteria used by OMB follows:

I. DOI and USDA determine which proposed acquisitions meet minimum criteria

Minimum criteria (must be met in all cases):

1. The property is (a) within the boundaries of an existing Federal conservation/recreation unit, if such boundaries are set by statute; or (b) contiguous with property now comprising a Federal conservation/recreation unit, if the unit's boundaries are administratively determined; or (c) the initial "building block" of a newly-authorized Federal conservation/recreation unit.

2. The property presents no known health/safety/liability problems (e.g. hazardous waste contamination, unsafe structures).

3. There is no current indication of opposition from current owner(s) to Federal acquisition of the property (condemnations may be necessary in rare instances).

4. The cost of infrastructure necessary to make the property accessible, safe, and usable by the general public does not exceed 10 percent of the estimated purchase price.

II. DOI and USDA score proposed acquisition that meet minimum criteria.

Each potential acquisition is scored by summing points it receives from meeting one or more of the following "ranking criteria". The indicated number of points is awarded if the proposed acquisition would:

1. a. Prevent <u>imminent</u> (within 2-3 years) property development that is determined by the regional or State director to be incompatible with the affected unit's authorized purpose(s). <u>50 points</u>

   b. Prevent <u>short-to-medium term</u> (within 4-8 years) property development that is determined by the Secretary to be incompatible with the affected unit's authorized purposes(s). <u>25 points</u>

2. a. Provide multiple recreation opportunities (seven or more of the activities listed below) within 100 miles of a Standard Metropolitan Statistical Area (SMSA). <u>50 points</u>

Recreation Activities

Hiking	Camping
Picnicking	Fishing
Hunting	Swimming
Boating/Canoeing/Rafting	Auto Touring
Off-road Vehicle Use	Skiing/Ice Skating
Snowmobiling	Bicycling
Horseback Riding	Observing Wildlife

   b. Provide multiple recreation opportunities (seven or more of the activities listed above) between 100 and 250 miles from an SMSA. <u>35 points</u>

   c. Provide limited recreation opportunities (one to six of the activities listed above) Within 100 miles of an SMSA. <u>35 points</u>

   d. Provide limited recreation opportunities (one to six of the activities listed above) between 100 and 250 miles from an SMSA. <u>20 points</u>

3. a. Preserve habitat of endangered species. 40 points

b. Preserve habitat of threatened species. 30 points

c. Preserve a recognized type of ecological community for the purpose of promoting natural diversity. 20 points

4. Preserve a nationally-significant natural or cultural feature of a type not now represented in any Federal conservation/recreation unit. 40 points

5. Preserve a biologically valuable wetland or riparian habitat. 35 points

6. a. Include existing infrastructure required to make property accessible to and usable by the general public and by elderly/handicapped citizens. 40 points

b. Include existing infrastructure required to make property accessible to and usable by the general public, but not by elderly/handicapped citizens. 20 points

7. Expand a unit with a record of visitor-day growth exceeding 5 percent per year in at least three of the five prior years. 20 points

8. Improve manageability and efficiency of a unit. 20 points

9. a. Require Federal dollars of less than 25 percent of the estimated fair market value of the property. 35 points

b. Require Federal dollars of only 25 to 49 percent of the estimated fair market value of the property. 25 points

c. Require Federal dollars of 50 to 74 percent of the estimated fair market value of the property. 20 points

d. Require Federal dollars of 75 to 99 percent of estimated fair market value of the property. 10 points

10. Involve Federal acquisition of less than full fee title to the property (e.g. purchases of scenic or conservation easements). 10 points

11. For each non-Federal partner (State, local, private) contributing significant resources ("significant" = at least 25 percent of acquisition development, or management add 5 points up to a maximum of 15 points.

12. Provide multiple recreation opportunities (seven or more of the activities listed above) and is within a county of a population of 1 million or more. 100 points.

Ranking criteria listed under a single number (e.g. "1.a.", "1.b.") are mutually exclusive; points may not be awarded for more than one. For example, a proposed acquisition may score 40 points for meeting criterion 3.a., but cannot score 70 points for meeting both criteria 3.a. and 3.b. Each property proposed for acquisition would normally be scored separately. However, if several related properties were proposed for purchase as a group to optimize use of funds, the group could be assigned a composite score (e.g. the criteria could be applied and a score assigned to the Forest Service Lake Tahoe project or the Park Service Santa Monica Mountains project as a whole).

III. DOI and USDA tentatively rank acquisition proposals.

The departments would jointly prepare a unified list of acquisition proposals, ranked in descending order of points scored. A cut off point would be determined by summing costs associated with the ranked acquisitions until the cumulative cost reached the land acquisition budget limit.

9. Question: Is there any special consideration given to acquiring properties which are easily accessible to major urban areas, or conversely, how about land which is in remote pristine areas?

Answer: In evaluating potential recreational acquisitions, consideration is given to tracts receiving high use near major urban areas.

10. Question: Has the BLM developed a priority list based on its own criteria, not OMB's criteria?

Answer: The BLM had used ranking criteria to provide guidance in evaluating acquisition priorities, and used these criteria for internal evaluation of acquisition priorities.

11. Question: If so, may we have a copy of your list now, along with the criteria you used to develop it?

Answer: The following general ranking criteria were used by BLM to prepare a list of initial land acquisition priorities for the 1990 budget process. These criteria, reflecting field input in descending order of Bureauwide importance, follow by a list of projects proposed using these criteria.

Initial Land Acquisition Criteria

The following general ranking criteria represent general guidance used by BLM field personnel to identify and rank potential land acquisitions projects.

1. Public Access Requirement: The purpose of this criterion is to identify acquisition projects necessary to provide legal public access to Public Land recreation resources.

2. Protection of Threatened or Critical Resources or Threatened and Endangered Species Habitat: The purpose of this criterion is to identify acquisition projects which protect identified threatened or critical resources, or identified threatened and endangered species habitat.

3. Congressionally Mandated Time Frame: The purpose of this criterion is to identify acquisition projects necessary to meet the time frame for acquisition established by Congressional action.

4. Congressionally Designated Wilderness and Other Areas and BLM WSAs: The purpose of this criterion is to identify projects necessary to assure protection of wilderness qualities specifically designated by Congress, wilderness study areas (WSA) identified by BLM or areas to be recommended to the Secretary to forward to Congress for designation as Wilderness Areas. It also includes other Congressionally designated areas such as additions to the Wild and Scenic Rivers System and National Trails System.

5. Secretarial Designations: The purpose of this criterion is to identify projects for acquisition required by specific Secretarial designation to meet prescribed management needs.

6. Bureau Designated/Dedicated/Classified Areas: The purpose of this criterion is to identify projects necessary to meet the management objectives for an administratively designated area (designated by a planning decision or other administrative actions).

7. Special Status Species Habitat: The purpose of this criterion is to identify projects to prevent loss of habitat for wildlife or plant species of candidate, threatened, or endangered species, or state listed endangered or sensitive species.

8. Biological Diversity Habitat Needs: The purpose of this criterion is to identify projects to provide for the biological diversity needs of wildlife and fisheries.

9. High Public Interest Species Habitat: The purpose of this criterion is to identify projects to provide for high public interest programs.

10. Windows of Opportunity: The purpose of this criterion is to provide for an acquisition project defined by an opportunity which may arise and fits into Bureau resource management plans, or Bureau management objectives. These include such possibilities as gifts, privately initiated proposals, seller requested opportunities, or other acquisition opportunities that meet BLM resource management objectives and are consistent with RMPs.

In addition to the general ranking, each project should be more

specifically evaluated so that a comparison with other projects can be made. This evaluation will ensure that the benefits of a specific acquisition are considered and prevent acquisition of tracts in only the higher categories when funding is limited. Factors which should be considered include:

-Type of Designation
-Window of opportunity (availability or deadlines)
-Necessity to Acquire/Consequences of Non-acquisition
-Probability of Conversion to an Incompatible Use
-Land Use Plan Consideration/Recommendation or Compatibility
-Annual price escalation
-Project Support (Special interest and industry groups, local
-government, citizens)
-Alternatives to Direct purchase.

Bureau of Land Management
Land and Water Acquisition Priorities

Initial List

Project Name and State

Criteria 1: Recreation Access:

El Malpais NCA, NM
Upper Missouri WSR, MT
Bizz Johnson National Trail, CA
North Fork American River, CA
South Fork Snake River, ID
King Range National Conservation Area, CA
Lower Salmon River Corridor, ID
Lomas/Santa Fe, MT
Burnt Ranch, WY
Fig Springs, AZ
Indian Creek Recreation Lands Trail, NV
Red Cloud Peak, CO
Oregon Trail, ID
Schmidt Tract, MT
Bureau River, ID
Emigrant Spring, WY
Fort La Clede, WY
Upper Colorado State Bridge Access, CO
Parkdale-Arkansas River Access, CO
Owyhee River, OR and ID
Rio Chama WSR, NM
Upper Sacramento River, CA
South Fork Merced River, CA
Yakima Canyon Rec. Area, WA
Organ Mountains, NM
Riverwood Ranch, ID
Spring Gulch ACEC, ID
McCain Valley RCA, CA

Criteria 3: Congressionally Mandated

Chacoan Outliers, NM
East Mojave, CA

Criteria 5: Secretarial Designations

Steens Mountains, OR

Oil and Gas Leasing

On page 42 of your justification, you state that "As a result of the decline in oil prices during 1986, the Bureau took several steps with regard to shutting-in stripper and marginal wells. Instructions were issued to allow lease suspensions for a period not to exceed 1 year on leases with shut-in wells without the operator losing the lease. This policy has been extended and will help to prevent the premature abandonment of oil and gas resources due to price fluctuations."

12. Question: How successful has BLM's policy of allowing lease

suspensions been in preventing the premature abandonment of oil and gas resources?

Answer: Currently there are approximately 28,000 producing oil wells on Federal lands throughout the United States (excluding the Outer Continental Shelf). Of these, approximately 74 percent are classified as stripper wells. As of September 30, 1988, the Bureau policy on lease suspensions had prevented the premature abandonment of 708 wells.

13. Question: What is your estimate of the amount of oil and gas production being protected by this policy?

Answer: A leading oil and gas data company recently estimated that the average stripper well in the United States produces about 2.7 barrels of oil per day. Using this estimate we would project about 1900 barrels of oil per day of production being protected. However, we have no estimation of the duration of the production.

You have indicated that BLM's policy of allowing lease suspensions for up to 1 year will be extended into FY 1990.

14. Question: What would constitute the necessary market conditions for BLM to stop issuing temporary lease suspensions?

Answer: The existing policy has been extended for a 1 year period but will be reviewed on a continuing basis. Should the price of crude oil stabilize at a level that is believed to allow these wells to be profitable, the policy will be reconsidered. No new or additional steps are being considered at this time.

Tar Sands

You state, on page 44 of the budget justification, that the tar sands leasing program was suspended in 1987 due to declining industry interest.

15. Question: Have you detected any renewed industry interest in tar sands development?

Answer: To date there have been 18 combined hydrocarbon leases issued covering approximately 33,000 acres. There has been no renewed interest in any tar sands leasing and no competitive sales are planned. The last lease for tar sands was issued in 1986. There is no development on any of the leases issued.

16. Question: What level of industry interest would be required in order for BLM to re-activate the tar sands leasing program?

Answer: A combination of industry requests for additional leasing and a significant increase in activity on existing combined hydrocarbon leases would be the type of interest expression which would cause us to consider reactivating the tar sands leasing program.

You have indicated in your testimony that round-ups have been discontinued as a result of litigation.

17. Question: For how long have the round-ups been halted?

Answer: Roundups from Public Lands in Nevada have been halted since July, 1988. Four appeals involving removal of almost 3,000 wild horses were filed in mid-summer of 1988. The appeals were filed against 21 capture plans prepared by BLM Nevada field offices. The capture plans called for removal of animals starting in July 1988 and continuing through the end of the gathering season in February 1989. As a result of these appeals, no animals have been removed from herd areas in Nevada since July, 1988. However, removals in other States have continued as originally planned.

18. Question: When do you expect the round-ups will be continued?

Answer: The Interior Board of Land Appeals (IBLA), which has jurisdiction over the appeals, in response to a request by

the Office of the Assistant Secretary for Lands and Minerals has agreed to an expedited review of the appeals. In the IBLA's review of our request they allowed gathering to proceed immediately on 4 of the 21 herd areas to protect the animals' health and their habitat from further damage. Unfortunately, the ruling was received too late in the winter to capture any animals before onset of the foaling season. Our earliest estimate of a ruling on the remaining 17 areas is June 1, 1989. If we receive a favorable ruling, round-ups would resume by July 1, 1989.

19. Question: What is the basis of the legal challenge to the round-ups?

Answer: The appeals are challenging our land use planning procedure for establishing the appropriate management levels (AML's) in Nevada, as well as our method for determining that wild horses or burros are excess, and thus the need to remove the excess animals based upon the land use planning process.

20. Question: If the round-ups are to be discontinued, what is the basis for your FY 1990 request of $12,314,000?

Answer: The FY 1990 budget request is based on the expectation that the IBLA will rule in the Bureau's favor and that capture activities can commence by July 1, 1989 in all States including Nevada. Therefore we could achieve the capture levels projected for FY 1990 which includes the fall of 1989 and the spring and summer of 1990.

21. Question: Since the round-ups have been discontinued, what are you doing with the funds appropriated for round-ups in FY 1989?

Answer: Given the answer to the previous question regarding anticipated resolution of the appeal by early June 1989, we still expect to be able to use the funds appropriated, in FY 1989 to issue contracts for removal of animals by the end of FY 1989 from the areas now under appeal. Under this schedule, the funding will be obligated in FY 1989 for capture of animals in summer and fall of of 1989 including early FY 1990.

22. Question: Do you intend to submit a reprogramming of these funds to the Subcommittee?

Answer: At this time it appears that all of the funds appropriated in FY 1989 for removal of animals will be obligated in FY 1989; therefore, no reprogramming should be necessary. However, should the resolution of the appeals be delayed, we would reassess the situation regarding the use of funds and either apply them to other workloads in the Wild Horse and Burro program or submit a reprogramming request as appropriate.

On page 95 of your justification, you state that one of the objectives of the wild horse and burro program is to "manage herds in accordance with land use planning decisions and continue efforts to achieve the appropriate management level, which is estimated to be between 30,000 and 31,000 animals by 1991.

23. Question: How do you arrive at the estimate of between 30,000 and 31,000 animals by 1991?

Answer: The projected Appropriate Management Level (AML) of 30,000 to 31,000 wild horses and burros is based upon the results of completed land use plans. We think this projection is extremely accurate because land use plans have been completed on all but two of the 197 herd areas that are identified for long-term wild horse or burro management. Land use plans on the remaining two areas will be completed in FY 1989. All wild horses and burros will be removed from the remaining 70 other existing herd areas. The aggregate AML on the 195 herd areas where land use plans are completed is 30,554 wild horses and burros. When the justification for the FY 1990 budget request was prepared, it appeared possible to reach this level of wild horses and burros by the end of FY 1991. Because of the delays in removing animals due to appeals of roundups in Nevada, it now appears the AML could not be reached earlier than FY 1992.

24. Question: How many Herd Management Area Plans (HMAP) will have been completed by the end of FY 1990?

Answer: By the end of FY 1990 we expect that about 110 HMAP's will be completed on the 197 herd areas to be managed for wild horses and burros.

25. Question: What percent of the total required HMAPs does that represent?

Answer: That represents having completed HMAP's on approximately 56 percent of the herd management areas administered by the Bureau.

26. Question: Why is the level of adoption expected to be 25 percent lower in FY 1990 than in Fy 1989?

Answer: The FY 1990 level of adoptions is lower than FY 1989 primarily because fewer animals are being removed than in FY 1989. The adoption level in both FY 1989 and FY 1990 is based on the expectation from past experience that 10 percent of the animals removed in FY 1990 will have to be destroyed because they are old, sick, or lame and that 30 percent of the remainder will be sent to sanctuaries because they are unadoptable. However, the FY 1989 adoption total also includes adoption of some good quality animals captured in previous years currently in the Bloomfield maintenance facility.

On page 96 of you justification, you state "Completion of the planned number of regular adoptions requires a significant increase in the adoption effort. This increased effort will allow nearly all animals under 7 years of age in contract maintenance centers or captured in 1989 to be adopted."

27. Question: Please identify the resources BLM will commit in FY 1990 to accomplish a "significant increase in the adoption effort"?

Answer: The FY 1988 adoption program was the benchmark against which the FY 1990 adoption effort was measured. The FY 1988 adoption program resulted in 10,232 animals being adopted. However, only 45 percent of these animals were adopted through the regular full fee adoption program. The remainder were adopted through the fee-waiver program. With termination of the fee waiver program all of the animals adopted in FY 1989 and FY 1990 will be adopted through the regular fee program. To help the Bureau adopt almost 90 percent more animals in FY 1989 and 15 percent more in FY 1990 through the regular program which requires more intensive work because a much larger number of potential adopters must be contacted, screened and approved and more horses must be handled individually for adopters. Also, the administrative paperwork and record keeping increases with the larger number of adopters involved. Several new positions were added to help manage and expand the adoption program. The Bureau has also embarked on additional public outreach and education and also is relying on the prison program to help expand adoptions.

28. Question: Is it BLM's policy to ensure that nearly all animals under 7 years of age are to be adopted and that the remaining animals, which are 7 years or older, are to be sent to sanctuaries?

Answer: Past experience in adopting over 90,000 animals indicate that at the regular adoption fee there is little demand for animals over 6 years of age. Over the last 3 years about 25 percent of the animals captured have been over 6 years of age. In addition, 5 to 10 percent of animals under 7 years are also very difficult to adopt because of undesirable physical or behavioral characteristics. Generally these animals have poor conformation, hoof problems, difficult disposition, or other less obvious physical defects such as ruptures. In total, about 30 percent of the healthy excess animals captured are undesirable for adoption at the regular adoption fee and are candidates for placement in sanctuaries.

29. Question: If that is BLM's policy, why is it that 685 horses, or 48 percent of the 1436 horses presently located at the one existing sanctuary in South Dakota, are under 7 years old?

Answer: As indicated in the previous answer, the animals under 7 years of age at the sanctuary are undesirable for adoption. The animals shipped to the South Dakota sanctuary were carefully screened prior to shipment to assure that they would not likely be adopted at the regular fee. Many of the animals in the sanctuary came from our contract holding facility in Bloomfield, Nebraska. Over the past several years, the better animals were shipped from Bloomfield to various points in the mid-west and east for adoption at regular fees. The remaining less desirable animals were adopted through the fee waiver program. Following termination of the fee waiver program, there was no longer an outlet for the less desirable animals. The 685 animals under 7 years of age are unadoptable quality animals that were shipped from Bloomfield and other BLM facilities to the South Dakota sanctuary when it was opened last fall.

You state on page 96 of your FY 1990 budget justification that "Sanctuary space for approximately 6,000 animals is expected to be needed by the end of 1990."

30. Question: How much have you requested for the establishment of sanctuaries in the FY 1990 budget?

Answer: As presently outlined we expect to need approximately $1.9 million in FY 1990 to support sanctuaries.

31. Question: How many sanctuaries are planned for FY 1990?

Answer: We have determined that for the sake of efficiency and fund raising purposes that sanctuaries should have the capacity for 1,500 to 2,000 wild horses. We expect to have 2 sanctuaries with a total capacity of about 4,000 animals in operation by the end of FY 1989, and to add one more sanctuary with capacity for 2,000 animals during FY 1990. Thus, there would be a total of 3 sanctuaries in operation during FY 1990.

32. Question: How many horses went out under the fee-waiver program prior to the termination of the program?

Answer: Approximately 20,000 unadoptable wild horses have been placed in private care under the fee-waiver program.

33. Question: For how many of these fee-waiver horses does BLM still retain the title?

Answer: BLM still retains responsibility for approximately 2,000 of the wild horses adopted under the fee waiver program. All of these animals are expected to be titled by the end of FY 1989.

34. Question: What has BLM done to locate and/or monitor the care of these fee-waiver horses for which the BLM still retains title?

Answer: A monthly on-the-ground inspection of each animal adopted through the fee-waiver program is required by BLM and these inspections are performed by our field personnel.

Wildlife Habitat Management

The total number of professional wildlife personnel in the Wildlife Habitat Management subactivity has declined from 363 in 1980 to 267 in FY 1989, a decrease of 26.4 percent. The number of fishery biologists has decreased nearly 50 percent since 1980; field botanists have declined from 17 to 15 since 1980; and wildlife biologists have declined by 29 percent since 1980.

Your FY 1990 budget request proposes a reduction of $3.5 million and 50 FTEs for Wildlife Habitat Management. The Subcommittee has received testimony from outside witnesses that they believe that the Bureau of Land Management is facing rapidly increasing fish and wildlife resource management

responsibilities, particularly for threatened and endangered species. Mr. Burford, if the Subcommittee were to approve your FY 1990 request, BLM's professional wildlife staff will have decreased by over 40 percent between FY 1980 and FY 1990.

35. Question: Have the Bureau's wildlife habitat responsibilities decreased by 40 percent during that time period?

Answer: No, but there has been a shift in the type of work which is being performed today as compared to 10 years ago. In the late 1970's and early 1980's the Bureau was involved extensively in inventory work and environmental impact statement preparation especially for our livestock grazing and coal programs, among others. Much of this work involved assessment of potential impacts on wildlife habitat, specific animal, and plants as a result of various proposed program actions. As the EIS work was completed there was a reduced demand and need for the numbers of these types of positions. Consequently, the staffing changes since 1980 reflect this change in workload emphasis and demand. The Bureau's 1990 budget indicates the manner in which the Bureau proposes to balance its numerous resource management requirements and priorities within the available funding target. The reduction is a reflection of the Bureau's current budget priorities and not a reflection of our habitat responsibilities.

36. Question: Given the steady decline in your professional wildlife staff, what effect will your proposed FY 1990 reduction have on your capability to address fish and wildlife resource management issues on BLM lands?

Answer: Over the past several years the Bureau has not experienced a steady decline in the number of its biologists. The decline in numbers occurred during the early-to mid-1980's and since that time the number of biologists in the Bureau has remained fairly stable. Generally, the Bureau's 1990 Budget identifies that the high priority Wildlife program workload items will be accomplished. The 1990 budget proposes to maintain the 1989 level of funding for the critical program areas such as riparian area management, fisheries habitat and Threatened and Endangered species management. The reduction would impact the lower priority items which generally would not significantly effect the Bureau's long-term management opportunities.

Wildlife Challenge Grants

Your FY 1990 budget proposed to reduce the Wildlife Challenge cost-share initiative by $500,000 from the FY 1989 level of $1,500,000.

37. Question: What types of projects does BLM anticipate funding in FY 1989?

Answer: The projects funded for FY 1989 involve the entire spectrum of the fish and wildlife program including the following: waterfowl habitat mapping; peregrine falcon recovery efforts; bald eagle habitat management and monitoring; desert tortoise habitat management and monitoring; desert bighorn sheep habitat improvement; pupfish habitat management; Threatened and Endangered plant surveys and protection; waterfowl habitat improvement; inventory of Areas of Critical Environmental Concern; deer/elk/antelope/bighorn sheep habitat improvement (waters, vegetation treatment, and other management), riparian habitat improvement; and cooperative research.

38. Question: Do you feel that the projects are worthwhile?

Answer: The projects are very worthwhile and the inclusion of the program within the Bureau's 1990 budget reflects our commitment to the Challenge Cost-Share program not only because of its project value but also because of its value to the wildlife program in general. The projects do follow our program priorities, and also the value of state and conservation organization involvement and support for fish and wildlife habitat management is important to the future success of Public Land management.

39. Question: How much in private sector matching funds do you anticipate in FY 1989?

Answer: Based on estimates from the BLM State Offices for their approved FY 1989 projects, the state and private sector fund contributions would total approximately $1,800,000.

40. Question: Why are you proposing to reduce the challenge grant program in FY 1990?

Answer: Reductions are made in a number of areas within the Bureau's programs in an attempt to meet overall funding targets while continuing to achieve a relatively balanced program and maintain high priority management emphasis areas.

Facilities Maintenance

Your FY 1990 budget request proposes an increase of $3.3 million for facilities maintenance. The increase will allow additional efforts to eliminate safety hazards to users of the Public Lands and to improve maintenance of BLM buildings, roads, trails, and recreational sites and improve access to facilities for the physically handicapped.

41. Question: Does the BLM currently maintain an inventory of priority needs for facility maintenance?

Answer: Each BLM State office maintains a list of its facility maintenance needs and establishes maintenance priorities. With the funding available to conduct maintenance, our efforts are focused largely on corrective rather than regularly scheduled preventative maintenance, principally to provide for the health and safety of employees and users of the Public Lands. A comprehensive, automated Bureauwide inventory of facility maintenance needs is currently under development.

42. Question: What is the volume and cost of this facility maintenance inventory?

Answer: The Bureau is responsible for maintaining approximately 1,350 BLM-owned structures and buildings, 44,000 miles of roads, 5,000 miles of trails, 250 major bridges, 420 developed and semi-developed recreation sites, 2,600 day use sites, 5,900 campsites, 438 boat access points and 7 visitor centers. The Bureau is presently working on developing a nationwide, automated, standardized Maintenance Management System that will provide a comprehensive inventory and condition evaluation of BLM's buildings, recreation and transportation facilities. This will be an automated system that will enable the Bureau to define the maintenance level required for all of its facilities, to determine the cost of maintenance for each type of facility or structure, and to provide our managers with up-to-date information from which to set work priorities. By June 1989, the first phase of the System should be completed. This phase involves development of system input/output forms for ADP use and establishment of maintenance condition standards for all types of facilities. By September 1989, the System should be fully operational and ready for field use. The condition survey of all Bureau facilities is scheduled to be completed by October 1990. Data input of condition survey results will be performed under contract and should start in October 1990, with a target completion date of December 1990. The cost of this project is approximately $500,000.

Oregon and California Grant Lands

43. Question: What has been the effect of the spotted owl litigation on the harvesting of old-growth timber on BLM lands in the Pacific Northwest?

Answer: The spotted owl litigation has resulted in significant deviation from the planned timber sale offerings for 1988 and 1989 on BLM's commercial forest lands in western Oregon. During 1988, 162 million board feet (MMBF) of

proposed sales were enjoined and in 1989, 396 MMBF is enjoined from sales.

44. Question: If the preliminary injunction is allowed to stand, what effect will this have on timber harvests in other areas of the country?

Answer: The injunction does not have any direct effect on timber harvests in other parts of the country. However, the other areas of the Nation do include spotted owl habitat and populations. It is impossible to anticipate how other areas might be affected by any extension of this type of injunction or concern.

Absorption of Bureauwide Fixed Costs

Mr. Burford, in each program area throughout your budget is the statement that the reduced accomplishments reflected in the justification is the result of having to absorb Bureauwide fixed cost increases in FY 1990.

45. Question: What sorts of fixed costs are being referred to by that statement?

Answer: The types of fixed cost increases which the Bureau had to absorb in the FY 1990 budget are as follows:

Space rental (office/specialized)	+$ 103,000
Unemployment compensation cost	+ 1,710,000
Injured employment compensation	+ 528,000
Federal Telecommunications System	+ 380,000
Commercial telephone costs	+ 14,000
Departmental services costs	+ 230,000

46. Question: What is your estimate of the total fixed costs which BLM is being required to absorb in FY 1990?

Answer: The fixed cost increases in FY 1990 which the Bureau must absorb total an estimated $2,965,000 offset by a projected $545,000 decrease for the Federal Financial System (FFS) accounting system conversion. Thus the impact of the absorption was a net of $2,420,000.

47. Question: What effect will absorbing these costs have on your ability to carry out your ongoing programs?

Answer: The $2,420,000 million increase in Bureauwide fixed costs absorbed by the Bureau was spread among all programs under the "Management of Lands and Resources" appropriation (except the fire programs). The specific workload effect of that absorbed on each program was addressed in the "Increase/Decrease from 1990 Base" narrative description and Workload Accomplishment Tables of each BLM program subactivity in the FY 1990 Budget Justifications document (see pages BLM-45 through BLM-183).

Alaska Lands

Under your Alaska Lands program, the budget (p.86) proposes a decrease of $1,655,000 and 25 FTEs, which would result in the deferring of lower priority workloads into future years.

48. Question: If the Subcommittee were to agree with this decrease, what work precisely, would be deferred?

Answer: As identified in the Justifications, the impact of this decrease would result in a decrease of 900,000 acres patented to the State of Alaska. There may also be a decrease in the number of hearings (most notably Aguilar hearings) on Native allottments. Lower priority land use authorizations and trespass workload will be deferred in order to keep priority work emphasis within the Patent Plan Process. This would mean that 10 land use authorization

cases, for example, and two trespass cases would be deferred.

49. Question: Will this decrease work a hardship on any groups, or individuals, in Alaska?

Answer: The BLM Alaska State Office organization will continue to process work through the Patent Plan Process which requires coordination with the Native corporations and the State of Alaska. There has been increased emphasis put on the Native allotment program and this will not change in respect to the number of certificates issued to allottees. The Bureau will balance competing workloads and priorities to try to avoid or minimize any hardship on groups and individuals in Alaska. However, this will require a cooperative commitment to planning the workloads in advance and adhering to the schedule of planned actions to the fullest extent possible.

50. Question: Does the decrease in your ability to handle trespass cases, send the signal that it's O.K. to trespass on Alaska lands?

Answer: The Bureau's approach to trespass involves three main elements: (1) prevention, (2) detection, and (3) resolution of trespass situations on Public Lands. The decrease in 1990 means that Bureau efforts will focus on the resolution of high priority trespass cases on Public Lands which may impact significant resource values or create more complex problems that will be more difficult to defer to later years. Emphasis on the prevention and detection of trespass through the normal course of other activities will continue as at present.

51. Question: Are the 25 FTEs proposed for reduction all stationed in Alaska?

Answer: The proposed FTE reduction will affect primarily the BLM organization in Alaska (with a present allocation of 900 FTE.)

52. Question: What do you suppose Senator Stevens' reaction will be to this decrease?

Answer: The Bureau is concerned about maintaining its commitment to meeting the workloads of Alaska programs, however, difficult choices among the Bureau's many competing program priorities had to be made to meet the overall Federal budget deficit situation.

Watershed Improvement Projects

Your budget, on page 108, shows a reduction of $450,000 in FY 1990 for watershed improvement projects. A total of 55 projects would be deferred because of the reduction.

53. Question: Would you give us some examples of watershed improvement projects?

Answer: Examples include water spreader structures to retard water runoff, small detention and retention dams, as well as brush, wire, and rock barriers to check soil erosion, siltation, head cutting, and other types of loss of soil and water resources.

54. Question: Don't these projects help improve water quality?

Answer: Yes. These projects are the types of treatments that are applied on arid lands to reduce non-point source water pollution, and to reduce high sediment-laden precipitation run-offs. Reduction of run-off also helps to preserve water quality and improve streamside vegetation.

55. Question: Why are these projects proposed for reduction, given the commitment to enhancing water quality President Bush made in his February 9, 1989 budget amendments?

Answer: Efforts continue towards enhancing water quality, but to remain within the goal set for reducing the Federal budget

deficit, these projects can be delayed in favor of higher priority improvements, inventories, soil surveys, water source quantifications, and activity plan developments.

56. Question: Which States will be affected by the proposed reduction of 55 projects?

Answer: These projects are spread among the States of Arizona, California, Colorado, New Mexico, Oregon, Utah, and Wyoming.

57. Question: Please provide, for the record, a listing, by State, of the number of projects and dollar amount which are proposed for deferral.

Answer: The 55 project figure was derived using average costs for typical projects in BLM state offices. The specific location of these projects will be determined by each State Director based on priorities and funding levels available after the FY 1990 Appropriation Act is enacted. The nature of these projects varies considerably from very small treatment projects to large more expensive, engineered structures; consequently, the cost of individual projects also varies considerably. At this time our preliminary information shows the following estimates:

State	No. of Projects	$000's
Arizona	3	100
California	1	30
Colorado	14	70
New Mexico	2	25
Oregon	25	50
Utah	5	125
Wyoming	5	50
Total	55	450

Wildlife Habitat Projects

Your budget justification, on page 117, indicates that your FY 1990 request provides funding to maintain 1,129 existing wildlife habitat projects and that BLM is encouraging individuals and private organizations to maintain additional habitat improvement projects, as a way to decrease your need for additional funding.

58. Question: How are you going about trying to enlist the private sector in this effort?

Answer: One of the things we have done was to form a special team to identify opportunities and strategies for increasing outside interest and non-Federal funding investments in fish and wildlife related work. This team identified a comprehensive set of strategies for expanding outside investments and partnerships, ranging from better internal planning and more effective outreach with potential contributors to more efficient coordination and the tracking of accomplishments.

59. Question: How successful have you been?

Answer: Investments from conservation organizations and others have more than doubled in 3 years, largely due to a greater effort on the part of BLM field people and the potential afforded by the Challenge Cost-Share approach. Since February of 1988, for example, we have signed national level Memoranda of Understanding on partnerships and cooperative efforts with the Rocky Mountain Elk Foundation, Quail Unlimited, National Wild Turkey Federation, the Foundation for North American Wild Sheep, Trout Unlimited, and the Mule Deer Foundation.

Our field level officials have developed local agreements with many cooperators as well. The list of cooperators at the field level is too numerous to list but include local affiliates of national wildlife organizations, and the various State fish and wildlife agencies. Finally, under the Sikes Act, we have developed cooperative plans and management programs with the States and other affected/concerned parties.

In addition in FY 1989, the $1.5 million appropriated for Challenge Cost-share will be matched by at least $1.8 million in outside contributions.

Land and Resource Management Planning
and Wilderness Recommendations

60. Question: What is the nature of these habitat improvement projects?

Answer: These projects include such things as fences, water developments, stream improvement structures, access facilities, and signs to name a few examples.

61. Question: How many habitat improvement projects do you estimate that the private sector will undertake in fiscal years 1989 and 1990, and what savings will the BLM realize because of this private sector involvement?

Answer: The Bureau does not have a system which provides such information on a national basis. However, a very rough estimate is that the private sector and state agencies are involved in maintenance of several hundred projects, probably saving the Bureau a cost of several hundred thousand dollars.

Alaska Cadastral Surveys

Your budget proposes a decrease of $4,014,000 in FY 1990 for Alaska Cadastral Surveys (p.163). This proposal deletes the $3,800,000 increase which Congress provided in FY 1989 and then cuts the program a little more.

62. Question: Aren't these surveys important to the citizens and Native Corporations in Alaska?

Answer: Yes, these surveys are important to the citizens and Native Corporations in Alaska. However, the schedule for performance of these surveys and the pace at which lands are patented to the State and to Native Corporations must be evaluated in light of other competing national programs and priorities, at a time which requires tight fiscal constraint.

63. Question: What is the total universe of cadastral surveys which need to be completed in Alaska?

Answer: There are approximately 110 million acres that remain to be surveyed prior to patenting to the State of Alaska or to Alaska Native Corporations. In addition, there are 10,000 applications for Native Allotments that have not been surveyed. Each allotment can consist of up to 160 acres, for a total of up to 1,600,000 acres.

64. Question: Do you have a timetable for completing these surveys?

Answer: BLM's goal is completing the surveys by the year 2024, depending on the level of funding and technology available.

65. Question: At the level of effort proposed in the FY 1990 budget, how long will it take to complete these surveys?

Answer: Given a funding level of $11,857,000 as proposed in the President's Budget it would take approximately 50 years (2040) to complete the surveys without anticipated technological change.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

Bureau of Land Management

Stripper Wells

As a result of the decline in oil prices during 1986, the Bureau took several steps with regard to shutting-in stripper and marginal wells (pg. 42). The BLM issued instructions which allow lease suspensions for a period--not to exceed 1 year--on leases with shut-in wells without the operator losing the lease. This policy is designed to help prevent the premature abandonment of oil and gas resources. The FY 90 Justification indicates that this policy has been extended.

1. Question: How successful have you been with this effort?

   Answer: Currently there are approximately 28,000 producing onshore Federal oil wells throughout the United States. Of these, approximately 74% are classified as stripper wells. As of September 30, 1988, the Bureau policy on lease suspensions had prevented the premature abandonment of 708 wells.

2. Question: Are there other steps you are considering?

   Answer: The existing policy has been extended for a one year period but will be reviewed on a continuing basis. Should the price of crude oil stabilize at a level that is believed to allow these wells to be profitable, the policy will be reconsidered. No new or additional steps are being considered at this time.

Tar Sands

Due to declining industry activity in the development of tar sands, the tar sands leasing program was suspended in its entirety in 1987 (pg. 44).

3. Question: Has there been any change in the amount of industry interest recently?

   Answer: To date there have been 18 combined hydrocarbon leases issued covering approximately 33,000 acres.. There has been no renewed interest in any tar sands leasing and no competitive sales are planned. The last lease for Tar Sands was issued in 1986. There is no development on any of the leases.

Alaska Oil and Gas

You have proposed to forego inventory and mineral work associated with land use planning in Alaska. The justification indicates that the current lack of interest in leasing Alaskan lands allows BLM to defer most unnecessary considerations of oil and gas resources in land use plans at this time. If interest increases in the future, you indicate that the BLM will prepare a plan amendment.

4. Question: How often have plans been amended in the past?

   Answer: The Bureau of Land Management has prepared numerous plan amendments to its resource management plans covering many areas of land under the Bureau's jurisdiction since regulations were promulgated in 1979. Most of these amendments have not been driven by oil and gas related issues. However, the Bureau recently scheduled approximately 40 area-wide amendments specifically for oil and gas leasing and development, in the lower 48 states. These amendments will be completed by the end of 1992.

5. Question: Is a plan amendment the easiest way to proceed? What about a simple modification?

   Answer: Under the Bureau of Land Management's planning regulations, a proposed action must be considered through a plan amendment if it would result in a change in the scope of resource uses, or in the terms, conditions, and decisions of the approved land use plan for the area. Such amendments also require compliance with NEPA which is

accomplished by preparing an environmental assessment or an environmental impact statement concurrently with the plan amendment.

Forest Management

You are proposing a reduction of $176,000 (-3 percent) in the forest management program. Part of this decrease is made up of a 5 mmbf reduction (-8 percent) in the amount of timber offered in FY 90.

6. Question: How will the amount of timber proposed to be offered in FY 90 impact the policy stated in the FY 89 justification of offering sales only when one or more of the following is met:

1. revenues from sales at least cover the Bureau's costs of offering the sale;
2. communities are substantially dependent on BLM timber for local employment or;
3. harvest is necessary to maintain the health and productivity of the forest?

Answer: The policy as stated in the FY 1989 BLM Budget Justification is the same as used for the FY 1990 Budget Justification. The reduction in allowable sale quantity has no impact on, or conflict with, the policy. The field offices continue to analyze individual sales for cost effectiveness and to provide justification for any sale that may be below cost within the stated policy.

7. Question: Please provide a geographical breakdown of the FY 88, FY 89 and proposed FY 90 timber offer volume.

Answer:

State	FY 1988 (MMBF)*	FY 1989 (MMBF)	FY 1990 (MMBF)
AK	.1	-	-
CA	15.5	14.0	12.5
CO	1.5	3.3	2.5
ID	14.0	14.3	14.4
MT	8.5	8.5	9.9
NM	-	.2	-
OR(E)	19.0	12.7	11.9
UT	-	.1	.1
WY	6.3	13.9	8.7
TOTAL	64.9	67.0	60.0

* Figures are based on up-to-date actual totals recently reported by BLM State Offices. This total exceeds the 60.4 MMBF total estimated in the FY 1990 Budget Justification.

In response to a question for the record at the FY89 hearing, the BLM indicated that an average of 4,100 acres a year is necessary to meet the 1992 goal of eliminating the reforestation backlog. The FY90 reduction proposes to decrease the number of acres to be reforested to 2,300.

8. Question: Why are you proposing to move away from the 1992 goal?

Answer: An internal evaluation of the progress towards meeting the FY 1992 goal of eliminating the reforestation backlog is currently being conducted. At this time, the FY 1992 goal appears unrealistic due to the following factors:

- Program priority has been to complete current reforestation and other required treatments in order to prevent an increase in the backlog which becomes more expensive to treat .
- Treatment costs are higher than anticipated and drought related plantation failures have increased.
- There were seedling shortages in the early years of the program.

- Logistical constraints such as narrow weather-related windows for planting, planting crew availability, limited seedling handling and storage facilities, and limited available personnel to prepare and administer contracts have delayed progress.

9. Question: At this pace, when would the reforestation backlog be eliminated?

Answer: At this time we are expect that an additional 5 years will be needed to eliminate the backlog. The evaluation which is planned for this year will define this time frame more specifically.

Grazing Improvement

Riparian area enhancement is a key issue on rangeland watersheds and will be a focal point of resource management priorities well into the next decade (pg. 102). While riparian areas typically contain less than 1 percent of the land base, they make up some of the most important areas within the Public Lands.

10. Question: Has the BLM ever considered allowing the fee charged for a grazing permit to be offset by improvements in riparian areas?

Answer: We have not considered an offset in grazing fees specifically for riparian improvements. As you are aware, an amount equal to at least 50% of the grazing fee is currently appropriated by the Congress for range improvement work. There are riparian improvements realized through the use of these range improvement funds.

BLM has experimented with a limited use of this concept, albeit not directly for riparian work, through the Experimental Stewardship Program, authorized by Section 12 of the Public Rangelands Improvement Act of 1978. Section 12(a)(2) provided authority to experiment with incentives through the Experimental Stewardship Program, including "the payment of up to 50 per centum of the amount due the Federal Government from grazing permittees in the form of range improvement work". The net effect of this approach was to reduce overall grazing receipts thereby reducing the availability of funds to the BLM for range improvement work the following year.

This proposal would probably result in increased range improvement opportunities within the specific allotment to which these contributions were made, but the cumulative result is it reduces the funding available for some of BLM's other high priority allotments. Additionally the proposal reduces funds available for distribution to States, counties and the U.S. Treasury.

One of the objectives of the riparian program is to achieve good or better ecological conditions in 75 percent of the riparian areas by 1997. The budget indicates that the base program enables management efforts toward this end during 1990 (pg. 115).

The FY 90 request, however, proposed a decrease of $3.5 million (-17 percent) in the Wildlife Habitat Management program. Part of this decrease will be attained by decreasing the inventory effort of habitat areas, such as riparian, aquatic and other wildlife areas. This decrease in 1990 to 10 million acres would be a reduction from 14 million acres.

11. Question: Can you explain the 1997 goal? How was it established? Why 75 percent?

Answer: The goal by which the Bureau will have 75 percent of its riparian areas in good or better condition by 1997 is one of the many goals that were established during the formulation of the BLM's Fish and Wildlife 2000 document. This goal follows after the issuance of the Director's riparian policy which was prepared in 1987 and recognizes the unique importance of these areas and the critical management that was essential to maintain or improve the values. Although the goal is optimistic, it is one which we feel can be attained. In light of other national concerns, it was determined that a figure any higher than

75 percent would be overly optimistic within the projected time and budgetary constraints foreseen.

12. Question: Where do we stand now with respect to this goal?

Answer: Since 1985, the Bureau has undertaken a riparian management initiative to focus appropriate attention and commitment on interdisciplinary management of riparian areas administered by BLM. Because of the many values and benefits of healthy riparian systems, the initiative emphasized a multidisciplinary approach to riparian management, involving the traditional programs which include wildlife, watershed and soil management, range, forestry, lands, and recreation. The following actions have occurred to set this initiative in motion:

- Program Priority. The FY 86-89 Annual Work Plan Directives to BLM field offices established management of riparian/wetland areas as one of the highest priorities in the Bureau's fish and wildlife, watershed, and range programs.

- Riparian Policy. In January of 1987, the Bureau Director signed a Riparian Area Management Policy, which stresses the interdisciplinary, multiresource character of riparian area management. This policy is currently being incorporated in the Bureau Manual System to assure that all programs - range, watershed, forestry, lands, minerals, etc., take into consideration riparian areas when conducting their program activities.

- Internal and External Awareness. There has been increased "riparian consciousness" among BLM resource specialists and managers and public land users through BLM-sponsored workshops and tours.

- Demonstration Areas. The Director has requested that each BLM District Office develop at least one riparian demonstration area, where the best management practices and instream habitat improvement work have been or will be implemented. The success of this effort was illustrated in July, 1988 when the Western Division of the American Fisheries Society picked 20 BLM riparian improvement projects as winners in their "riparian excellence" program. In all, more than 160 riparian projects were entered by BLM field offices.

- Grazing Management. There has been increased emphasis and application of the "riparian pasture concept" in which livestock grazing is permitted when and where it is compatible with maintaining or enhancing riparian habitat values. Successes in achieving riparian management objectives with grazing systems have been documented by BLM in Wyoming, Oregon, Montana, Colorado, and Idaho.

- Funding and Accomplishments. In FY 1988, BLM State Offices reported spending a minimum of $3.1 million on riparian area management, primarily in the wildlife and fisheries, watershed, and range programs. At this level of funding the following accomplishments were made: inventoried 250,000 acres of riparian areas; monitored 639 activity plans; prepared 57 new activity plans that included riparian objectives; developed 597 riparian projects; and maintained 459 existing projects .

In FY 1989, with an additional $1.5 million appropriated for riparian area management, the Bureau will spend approximately $4.7 million in managing these areas. The planned accomplishments include: inventory 320,000 acres; monitor 715 activity plans; prepare 117 new activity plans; develop 690 new projects; and maintain 546 existing projects.

- State Riparian Needs Assessments. The most recent effort which the Bureau has undertaken to further its riparian management initiative is to request that each BLM State office prepare a statewide assessment of its need and objectives associated with this program. Part

1, which was completed in March, 1989 focuses on costs, accomplishments, and staffing needs required to meet State riparian objectives over the next 5 years (see below). Part 2 is a long range strategy for implementing on-the-ground actions and increasing public awareness and support. BLM State offices have been asked to complete this phase of their riparian strategies by the end of FY 1989.

The following information is a preliminary summary of the States Five Year Riparian Needs Assessments which describes the extent and condition of the Bureau's riparian areas.

- Based on the Bureau's policy definition of riparian/wetland area, there are about 22.9 million acres of riparian areas associated with lakes, ponds, reservoirs, and marshes and 174,000 miles associated with streams. Of this total, 133,000 miles and 22.9 million acres are located in Alaska.

- Eleven percent of the total stream miles are known to be meeting riparian management objectives; 4% are known not to be meeting objectives; and 85% are unknown (i.e. either specific objectives have not been identified or riparian conditions are not known). Excluding Alaska, these percentages are 15.6%; 16.6%; and 67.9% respectively.

- 12.8% of streamside riparian areas and 6.6% of the wetland acres are currently covered by activity plans (HMPs; AMP; Watershed plans timber sale plans etc.). Excluding Alaska, riparian areas in activity plans increases to 21.7% and 16.7% respectively.

13. Question: If the base funding level for this program were continued in FY 90, would the ecological condition goal be met earlier?

Answer: The FY 1990 President's Budget proposes that the present 1989 base funding level be continued through 1990. The Bureau is committed to continue the riparian area management initiative that was begun in 1987. There will be no resultant decrease in funding for riparian management in 1990. The decreases proposed in the Wildlife Habitat Management program do not directly relate to riparian management; however, it should be noted that the decreases would have some indirect impacts to the riparian programs and could result in an increase of the overall time it will take to accomplish the 1990 riparian objectives.

Wildlife Challenge Grant

I am pleased to see that the BLM has requested funds to continue the challenge cost-share program (pg. 117). In FY 89, $1.5 million was provided for this program and was matched with state and private funds for high priority riparian, fisheries, wetlands, and desert bighorn sheep projects. The FY 90 request includes $1.0 million for this program.

14. Question: In FY 89, how much do you anticipate from matching state and private sector funds?

Answer: Based on projections from the BLM State Offices concerning their approved 1989 projects,, the state and private sector fund contributions will total approximately $1,800,000.

15. Question: What were the identified needs for FY89?

Answer: The total number of identified projects for 1989 including those that were approved would have cost approximately $8,146,000 of which $4,656,000 would have been contributed. The Bureau's contribution would have been $3,490,000 which exceeded our ability to fund.

16. Question: How have the types of projects changed over the life of this program? More riparian or more wetlands?

Answer: The initial Challenge Cost Share program was established in 1985 to be used exclusively for desert bighorn sheep. The

program has expanded to where it is today, and can include any and all activities within the wildlife and fisheries habitat management program. In 1989 the projects represent many aspects of the wildlife and fish program including: threatened and endangered species, sage grouse, elk, riparian areas, waterfowl, resident fish species, desert bighorn, threatened and endangered plants, antelope, Areas of Critical Environmental Concern, anadromous fish, and others. In future years we expect to see an increase in riparian/wetland projects in the Challenge Cost Share program as more plans are developed and implemented.

17. Question: Since the BLM has requested funds for this program in FY 90, should I assume that the types of projects proposed are of a higher priority than in the past?

Answer: The inclusion of the program within the 1990 budget reflects the Bureau's commitment to continuing the program and the the value of the overall benefits that accrue to the resources (public involvement and better habitat conditions) rather than individual project priorities. Although the projects follow our program priorities, the value of state and conservation organization involvement and support for fish and wildlife habitat management is extremely important to the future success of BLM's overall public land management goals.

Archaeological Resources Protection Act

The 1988 amendment to the Archeological Resources Protection Act of 1979 (ARPA) requires Federal agencies to develop plans and schedules for inventorying federally managed lands in order to identify archaeological resources subject to illegal excavation and artifact theft (pg. 122).

The FY 90 budget indicates that within the base program, BLM will identify such areas and prioritize inventory efforts in cultural resource management overview reports. There are not, however, any funds for specific ARPA on-the-ground inventory efforts.

While the BLM hasn't requested any funds in FY 90 for on-the-ground work, it appears that you are complying with the law and getting started by identifying areas and prioritizing the inventory.

18. Question: Is that accurate? What was your request to OMB?

Answer: Class I (existing data) inventories are being undertaken to develop plans and prepare a schedule for inventorying areas subject to illegal excavation and artifact theft. Inventory will be conducted in areas where looting, vandalism, and natural deterioration are threatening archaeological resource integrity, areas of increased visitor use, and newly obtained lands where little is known about the archaeological resource base. The BLM will be able to follow through with inventory only on the highest priority areas at the current budget level. BLM's FY 1990 request to OMB for the total cultural resources management program was $6,600,000 and 123 FTE.

19. Question: What are the long range funding plans for this effort?

Answer: Under current funding levels, the BLM's inventory strategy is to ensure that cultural resource data are accumulated, assessed, and updated at least as often as Resource Management Plans (RMP) are prepared and amended. The instructions or preparations of an RMP direct BLM field offices to prepare a Class I (existing data) inventory, covering the entire RMP area, before plan formulation or amendment. The RMP normally corresponds to the smallest BLM administrative unit, the Resource Area.

The instructions also direct that where gaps and biases in the information are found, a Class II (sampling) inventory may be conducted to obtain representative field coverage. In later and more detailed levels of planning, commitments and priorities are established for specific cultural resource management actions, including inventory projects for areas lacking adequate data. It is only after this process is complete that detailed inventory projects are approved for funding. Through this process the BLM is

establishing a uniform, systematic way for field offices to identify their most critical needs, set priorities and schedules, and justify the funding needed to perform priority protection and inventory work.

20. Question: Does this budget increase the emphasis on law enforcement?

Answer: More intensified and targeted law enforcement efforts are part of the BLM's overall strategy. The requested funding in cultural resources management will be used to provide additional patrols and site monitoring using both BLM law enforcement rangers and other personnel to detect and deter violations. Within the FY 1990 President's Budget, the resources protection and law enforcement program continues at the FY 1989 level of emphasis on investigation and prosecution of ARPA cases.

Wilderness Management

You have proposed a decrease of $52,000 (-1 percent) in FY90 in the Wilderness Management program (pg 129). This decrease will result in reduced frequency of certain BLM patrols to detect unauthorized uses in wilderness study areas.

Since patrols and unauthorized use detection do not have measurable units, they cannot be reflected in the program workload table.

21. Question: If it is difficult to quantify, I would be interested in a general opinion on the amount of unauthorized use of study areas. Has it increased in number or severity?

Answer: Indications are that because of the increased patrol and surveillance activities undertaken by BLM over the last several years, the number of unauthorized use situations occurring in wilderness study areas has been significantly reduced. Early detection in the field has eliminated most occurrences and prompt action by BLM has reduced the severity of most situations.

Greenstripping

22. Question: Please provide for the record the states and number of acres of greenstripping to be performed in FY 89 and proposed for FY 90.

Answer: Greenstripping is primarily conducted by the BLM in Idaho. In FY 89, the Idaho State Office anticipates completing approximately 2,200 acres of greenstripping. In FY 90, 2,750 acres would be greenstripped. A few other states have greenstripped small acreages. In addition to on-the-ground work, the Bureau is moving into the second year of a promising 5 year research program aimed at developing palatable shrub species capable of resprouting after fire, selecting fire resistant plant material, and identifying plants capable of competing with annual species. This research is occurring in Idaho.

23. Question: Also, please provide for the record the amount of funding necessary to restore the greenstripping effort to the FY 90 base level along with the funding of any existing backlog.

Answer: There has been no reduction in the FY 1990 base level. The FY 1990 base and request for greenstripping is $319,000 which includes funding of any backlog from FY 89.

Noxious Weeds

24. Question: Please provide for the record the states and number of acres of noxious weed infestations that were eradicated in FY 89 and proposed in FY 90.

Answer: FY 1989 control efforts will be conducted in the next 2 or 3 months, however, the planned acreage is shown below.

Planned Acres

	1989	1990
California	91	91
Colorado	595	1,400
Idaho	9,500	10,000
Montana	11,540	11,745
New Mexico	125	125
Oregon	48,868	48,458
Utah	10,665	7,500
Wyoming	1,421	1,461
Total	82,805	80,780

25. Question: Also, please provide for the record the amount of funding necessary to restore this effort to the FY90 base level along with the necessary funding of any existing backlog. Please provide the corresponding states for the questions above.

Answer: The FY 1990 level proposed will provide for the same control efforts as in FY 1989.

Noxious weed infestation have received control efforts based on priority problems. Some infestations receive intensive efforts to mitigate the problem and others are treated primarily to control spreading. As conflicts become more evident increased efforts are warranted.

Recreation Visits

In 1987, the Public Lands had 57.5 million recreation visits, an increase of almost 112 percent over three years ago. BLM's current projections are that recreational visits will continue to increase at an annual rate of approximately 3 percent (pg. 130). In the FY 89 justification you anticipated this trend would continue.

26. Question: Why do you anticipate such a large decrease in the rate of growth or is the increase an error?

Answer: The increase of 112 percent was over a period of 10 years not 3 years as indicated in the FY 1990 Justification. The rate of increase in number of visits from 1986 to 1988 has been 6 percent. The public lands received an estimated 57.5 million visits in 1988. The 3 percent increase is a projected average annual increase.

Recreation Challenge Cost-Share

In 1989, the BLM anticipates receiving $400,000 worth of private contributions to match $180,000 of federal funds for the recreation challenge grants. The FY90 budget indicates that "up to $500,000 of the 1990 base level will be used to expand the recreation challenge cost-share program."

27. Question: What do you mean by "up to?" Is there concern that the projects won't be worthwhile? The match won't materialize?

Answer: The exact amount to be used for Challenge Cost Sharing will be determined after the appropriation has been enacted, based on overall program priorities. Selection of projects is based on a set of criteria. Projects which do not have assured matching funding are not selected. The matching may be in the forms of contributed labor, materials, and equipment as well as dollars.

28. Question: What is the status of construction of a recreational trail in the Jump Creek Canyon area, a Special Recreation Management Area? Was a challenge cost share proposed?

Answer: Volunteers have completed some preliminary work. A request was not submitted by the BLM State Office for Challenge Cost Sharing funds for this trail project.

Wild and Scenic River

In 1988, legislation was enacted which added 17 rivers under BLM management to the Wild and Scenic Rivers system (pg. 135). This brings the total number of wild and scenic rivers under the BLM's control to 32. In addition, the BLM will continue to study an additional 45 rivers for possible inclusion into the system. To address this increase in rivers, an additional $500,000 is requested in FY90 to prepare activity plans for eight rivers.

29. Question: What are the funding needs of the 17 rivers? What did you request of OMB?

Answer: The 17 newly designated Wild and Scenic Rivers (WSRs) consist of 15 rivers in Oregon, 1 in New Mexico (Rio Chama) and 1 in California (Merced River). The 8 management plans included in the FY 1990 request of $500,000 include 6 of the Oregon Rivers, Rio Chama and the Merced River. Approximately $500,000 within the MLR appropriation and $160,000 within the O&C appropriation is needed to complete management plans for the remaining 9 rivers in Oregon. An increase of $1,250,000 and 5 FTE was requested of OMB specifically for WSR management. The additional $750,000 was requested for more intensive management on all the designated WSRs under BLM jurisdiction and for conducting studies of potentially eligible river segments for possible designation as WSRs.

Resource Management Planning

You have proposed a decrease of $744,000 (-8 percent) in Resource Management Planning (pg. 141). The justification indicates that this decrease is possible because of BLM's decision to amend existing plans rather than preparing new RMPs.

Until 1985, planning activity concentrated on the preparation of new RMP's to fulfill mandated program-specific planning schedules. Beginning in 1986, more emphasis was placed on plan monitoring, maintenance, and amendment.

30. Question: If the effort to use more amendments to existing plans has been ongoing since 1986, why are we just now seeing budget reductions?

Answer: Beginning in 1986 BLM realized savings in the planning program because of the shift in emphasis from the preparation of new RMPs which were linked to mandated program specific planning schedules (such as Wilderness and grazing) to plan monitoring, maintenance, and amendments. The proposed reduction in the FY 1990 President's Budget for planning results from an even greater emphasis on the use of plan amendments than the initial shift of emphasis that occurred in FY 1986.

Birds of Prey

31. Question: By fiscal year, please provide for the record the amount necessary to implement the research plan for the management and preservation of the Snake River Birds of Prey area.

Answer: The amount that would be required to implement this 4 year research plan is $4.7 million. The amounts estimated to carry out this project by fiscal year are: FY 89 - $102,000; FY 90 - $1,400,100; FY 91 - $1,313,000; FY 92 - $1,276,000; FY 93 - $653,000. Research could begin in spring of 1990 and would be completed in fall of 1993 depending on the funding available for the effort.

32. Question: How much is included in the FY90 budget for this purpose? Of this total amount, what is to be provided by the National Guard?

Answer: There are no funds included in the FY 1990 BLM Budget to initiate research in the Snake River Birds of Prey Area. The Idaho National Guard has tentatively indicated that it would provide $2.678 million toward this research project. However, the exact extent of the Guard's contribution remains to be settled.

Blackwell Island

33. Question: Please provide for the record the BLM's priority list for land acquisition.

Answer: The BLM list of priority land acquisitions is attached.

34. Question: What is the status of the purchase of Blackwell Island in Coeur d'Alene, Idaho?

Answer: The BLM Idaho State Office has proposed to amend its acquisition priorities for 1991 to include Blackwell Island, near Coeur d'Alene, Idaho. No specific information has been received on this acquisition and it has not yet been ranked according to the acquisition criteria. The acquisition is not included in the 1990 proposal.

BUREAU OF LAND MANAGEMENT
Land & Water Conservation Fund
Land Acquisition Priority List

Priority No.	Project Name	Acreage	FY90 ($000)
1	N. Fork American River, CA	240	250
2	Upper Sacramento River, CA	1,300	1,720
3	Carrizo Plains, CA	35,000	6,000
4	Chuckwalla Bench, CA	2,500	500
5	Desert Tortoise Nat Area, CA	600	1,200
6	S. Fork Merced River, CA	160	250
7	S. Fork Snake River, ID	1,700	1,750
8	New River ACEC, OR	120	500
9	McCain Valley RCA, CA	400	250
10	Bureau River, ID	160	40
11	Lower Salmon River, ID	1,568	1,200
12	Bizz Johnston Trail, CA	150	300
13	Kings Range NCA, CA	600	500
14	Lomas/Santa Fe, MT	142	590
15	Overflow Wetlands HMP, NM	804	240
16	Owyhee River, OR & ID	1,500	1,320
17	El Malpais, NM	50,000	1,250
18	Upper Missouri W/S River, MT	419	200
19	Pariette Wetlands, UT	503	210
20	Big Hole River, MT	393	180
21	Colo R/Blk Ridge Canyon, CO	1,200	300
22	Fig Springs, AZ	640	210
23	Oregon Nat'l Trail, ID	1,600	405
24	Rio Chama, NM	1,020	350
25	Rio Grande, CO	280	70
26	Warner Basin, OR	15,000	--
27	Organ Mtns, NM	6,300	6,220
28	Steens Mtns, OR	640	1,000
29	E Mojave Nat'l Scenic A, CA	16,000	1,000
30	Emigrant Springs, WY	40	12
31	Riverwood Ranch, ID	1,920	120
32	Trout Creek Mtns, OR	640	120
33	Yakima Canyon, WA	5,000	500
34	Schmidt Tract, MT	34	250
35	Ferris Mtns, WY	1,800	350
36	Indian Ck Rec Lands Tr, NV	220	200
37	Chacoan Outliers, NM	5,731	665
38	Parkdale/Ark R. Access, CO	30	100
39	Upper Colo St Bridge Acc, CO	34	250
40	Fort LaClede, WY	8	20
41	Fremont R. Narrows, UT	160	60
42	Red Cloud Peak, CO	40	100
43	Spring Gulch, ID	4	15
44	Yuba Res Rec Area, UT	1,362	275
45	Desert Tortoise Crit Hab, UT	320	120

QUESTIONS SUBMITTED BY SENATOR MARK O. HATFIELD

Bureau of Land Management

Timber Issues

As you are aware, Western Oregon is facing its worst timber supply crisis in history. The BLM has been enjoined from selling one-third of its allowable sale quantity in Western Oregon. Please provide the Subcommittee with a summary of the timber supply situation on BLM lands in Western Oregon as it stands today. What obstacles (appeal, litigation, etc.) are hindering your ability to offer a stable flow of federal timber to Western Oregon's timber-dependent communities?

Specifically, I am interested in the following elements of the problem:

1. Question: What is your sale level for net merchantable sawtimber in Western Oregon for FY 1989? How much of that has been offered as of today?

   Answer: The proposed sale level for 1989 is 839 million board feet (MMBF) which is 337 MMBF below the allowable sale quanity of 1,176 MMBF. To date, 382 MMBF has been offered.

2. Question: In the worst case, how much timber do you expect to offer for the remainder of FY 1989?

   Answer: Under the current injunction, 457 MMBF is planned to be offered. It must be noted that "offered" does not necessarily correlate directly to award and harvest as protests or appeals could delay or prevent award. If the northern spotted owl is listed as threatened or endangered by the U.S. Fish and Wildlife Service, the sale program would have to be revaluated within the parameters of the listing criteria.

3. Question: Please provide me with an overview of the current judicial situation as it relates to the commercial forest lands under your management authority in Western Oregon.

   Answer: The current District Court injunction alters land use allocations in the plans of the six western Oregon districts by removing from sale and harvest, old growth timber (over 200 years of age) stands within a 2.1 mile radius of 389 known and potential spotted owl sites.

   There are severe impacts to BLM Western Oregon timber sale offerings in 1989 and 1990 because there is very little lead time available to revise annual harvest plans or to try to substitute non-enjoined timber sale tracts for those enjoined from sale under the Court Order. Physical and legal access as well as time needed for substitute sale preplanning and environmental analysis are factors difficult to adjust with limited time frames.

4. Question: What percentage of your total current sale program has been enjoined?

   Answer: Thirty-four percent (34%), some 396 MMBF of the Allowable Sale Quantity (ASQ) has been enjoined.

5. Question: If the injunctions remain in their current form, how much of your FY 1989 sale program will be completed?

   Answer: If the injunction remains in effect under its current form, an additional 457 MMBF could be offered for a total of 839 MMBF offered in 1989.

6. Question: What is your estimate of the impact of a judicial decision which would impose management constraints tantamount to a listing of the Northern Spotted Owl as a threatened or endangered species? Have you begun the process of consultation and coordination between the Forest Service, BLM and the U.S. Fish and Wildlife Service in this regard?

   Answer: We do not know how the constraints equal to listing would impact the annual sale offering until such time that a T&E Species recovery plan would be developed. This plan would

specify habitat acreage required for the owl and thus allow us to identify the remaining acres available for timber production. If all old growth would be removed from the timber base, the annual sale offering would be about 800 MMBF. If additional mature timber (100 - 200 years) would be required in the recovery plan, the level would be reduced substantially more.

The BLM has been in constant informal consultation and coordination with the Forest Service and Fish & Wildlife Service for the past 15 or 20 years and this coordination continues on a frequent basis.

7. Question: Please provide me with the amount of federal timber currently under contract in Western Oregon. How does this figure compare with the historic average level of volume under contract?

Answer: The volume of timber under contract (unyarded) is at 1,400 MMBF, which equates to slightly more than a normal one-year's sales volume offering. The annual level of timber under contract has historically been about 2,400 MMBF, or about 2 years of normal sale offerings. This low level of unyarded volume is due to high levels of harvest during 1988 and early 1989 due to higher market prices and the accelerated level harvest of fire salvage.

8. Question: What is your estimate of the impact on the amount of volume under contract if the court injunctions remain in place, or if additional constraints are imposed?

Answer: If the injunction remains in place, annual harvests will continue to be greater than sales until a point is reached where reserve volume under contract will be totally depleted, and all harvest will have to come from new sales, creating a severe shortage of volume to dependant mills.

9. Question: What is your estimate of rate of decline of the volume under contract if the injunctions remain in place?

Answer: Under the current injunction, it is estimated that the volume under contract will decline by approximately 550 MMBF at the end of FY 1989 and if the injunction continues, by another 300 MMBF in FY 1990.

10. Question: What is your estimate of the effect on your overall timber management and other non-timber resource management activities if a complete moratorium on timber harvesting is imposed?

Answer: If a moratorium on timber sales and harvesting is imposed, BLM's current funding and staffing resources could temporarily be channeled into eliminating reforestation backlog acres, performing intensive management practices, and concentrating on completing the Resource Management Plans for the 1990's. These efforts could gainfully continue for 2-3 years at present funding levels. Non-timber resource management could continue as at present assuming current funding levels. If harvesting were allowed to continue but not sales, BLM could perform the work indicated above as well as continuing to administer ongoing harvests from previously issued sales contracts.

11. Question: Please provide me with a profile of the distribution of your timber contracts by District. Is the current amount of volume under contract evenly spread throughout mills in Western Oregon, or is the amount of volume under contract concentrated in certain mills or in certain areas within BLM districts?

Answer: The distribution of the unyarded volume under contract by BLM district is as follows:

District Office	Unyarded Volume (MMBF)
Salem	332
Eugene	226
Roseburg	284
Medford	243
Coos Bay	289
Lakeview	27
Total	1,400 MMBF

The 1,400 MMBF of currently available volume under contract is unevenly distributed among purchasers, dependent mills and communities. For example, seven companies of the 144 current BLM timber sale contract holders have 897 MMBF or 64% of the unyarded volume under contract.

12. Question: What is your estimate of the impact of the current court injunctions on the economy of Western Oregon?

What is your estimate of the impact on federal timber receipts to the O & C Counties as well as the Federal Treasury?

Answer: O&C receipts to the Federal Treasury and the O&C Counties are responsive primarily to the harvest level. Due to the time interval between sale and harvest, the effect of price changes or total volume sold in the current year are not usually reflected by the receipt collections for several years. If the injunctions were to remain in place indefinitely, there would be a loss in revenue to the O&C Counties and to the Federal Treasury proportionate to the volume that could not be offered. If the restrictions imposed by the injunction were to be lifted, as assumed in the proposed budget, the "backlog" of enjoined volume could be offered in subsequent years, thereby resulting in only a temporary deferral of revenue collection.

The data below is based on the anticipated harvest schedule of sales that would be foregone due to the injunction. It is also based on assumptions that timber is harvested throughout a 3 year period after sale and the market price of the timber will continue to increase.

Harvest rates of total quantity under contract will determine the net effects on the economy but these rates are very difficult to predict. We continue to expect a harvest level of 1,400 MMBF so total revenues will continue to remain somewhat high through 1989. The quantity under contract will diminish and the economic effects of reduced sales volume will be deferred.

EFFECT OF INJUNCTION ON HARVEST LEVELS

Sales Foregone		Reduction in Harvest from the Sales Foregone (MMBF)			
FY	MMBF	FY89	FY90	FY91	FY92
1989	337	84	169	84	-
1990	333	-	83	167	83
1991	376	-	-	94	188
Total Harvest Reduction		84	252	345	271

EFFECT ON TIMBER RECEIPTS

			(Dollars in Thousands)		
FY	Vol. MMBF	Ave. $/MBF	Total Receipts	*Federal Share (54% ave.)	*County Share (46% ave.)
1989	84	200	$16,850	$9,099	$7,751
1990	252	250	$54,513	$29,437	$25,076
1991	345	275	$67,475	$36,427	$31,038
1992	271	275	$72,513	$39,157	$33,350

*(The Federal/County share average percentages of 54/46 are based upon an average of the proportion of O&C, Coos Bay Wagon Road and Public Domain receipt collections from the western Oregon timber harvests.)

13. Question: What is your estimate of the number of jobs which will be lost in Western Oregon?

Answer: The direct effect on employment in western Oregon is principally in the lumber and wood products industry. The total employment effect including the re-spending of county receipts and personal income, is in the range of 12 - 22 jobs per million board feet. An average of 17 jobs per million bd. ft. is used for this analysis.

ESTIMATED IMPACT ON JOBS
(number of jobs reduced from 1988)

FY	Vol. (MMBF)	For. Industry Jobs	Total Jobs
1989	84	397	1,426
1990	252	1,186	4,260
1991	345	1,624	5,833
1992	271	1,278	4,590

14. Question: What is your estimate of the reduction in personal income in Western Oregon? Have you discussed this with the Internal Revenue Service or the Treasury Department to determine the potential short and long-term effects on income tax receipts to the federal government? If not, please do so.

Answer: The following table illustrates our estimate of the loss in personal income due to jobs lost as a result of the harvest reduction due to sales foregone resulting from the injunction:

IMPACT TO PERSONAL INCOME

(Reduction in income is an average as compared to 1988.)
(Dollars in Millions)

FY	Jobs	Direct Effect	Jobs	Total Effect
1989	397	$ 9	1,426	$ 28
1990	1,186	$29	4,260	$ 82
1991	1,624	$39	5,883	$123
1992	1,278	$30	4,590	$ 89

As discussed in previous answers, the impact does not occur until harvest level is reduced. If harvest level reductions are deferred, the reduction in income will probably be more abrupt when harvest level reductions eventually do occur. Harvest levels are not decreasing in proportion to sale reductions in 1989.

15. Question: Please provide the Subcommittee with the historic sale and harvest levels in Western Oregon during the past decade.

Answer:

Fiscal Year	Timber Sold MMBF	Harvest Level MMBF
1989 (est)	839	1,400
1988	1,014	1,642
1987	1,143	1,300
1986	1,347	1,204
1985	1,096	1,008
1984	1,087	1,039
1983	1,129	812
1982	1,112	320
1981	1,059	857
1980	1,120	929

16. Question: What is the impact of the current court injunctions on non-timber resource values such as recreation, reforestation, fire fighting, and wildlife management?

Answer: The injunction will generally have little effect on non-timber resource programs. However, it will tend to concentrate sales on a smaller base area of forest land. We are making every effort to maintain consistency with current Plans and EIS's, but some increase in cumulative

impacts on watersheds and wildlife habitat could result. Recreation should not be significantly affected nor should fire fighting. If the current injunction were to continue for an extended period of time, there will be an eventual reduction in the amount of site preparation and reforestation needed. The reduced timber harvest also results in a reduction of the amount of road use maintenance fees collected by the BLM, thereby reducing our ability to maintain the road system in western Oregon.

17. Question: What is your estimate of the impact of the injunctions on your future forest planning and management activities?

How will you be able to complete the new land and resource management plans in Western Oregon if the spotted owl is listed as threatened or endangered, or if worst-case injunctions are in place?

Answer: A revised version of our proposed State Director Guidance, now out for public review, includes guidance for a range of RMP/EIS alternatives, some of which are expected to cover requirements under a spotted owl listing and associated recovery plans or under worst case injunctions. Under the present RMP schedule, the range of alternatives could still be expanded until the spring of 1990. Additional alternatives within the range could be added through the development of the final RMP/EIS, now anticipated to be completed in 1991. Selection of preferred alternatives and later decisions would be influenced by the then existing legal requirements.

18. Question: What is your estimate of the length of time it would take to develop an owl recovery plan which would allow resumption of timber harvesting? Do you have any estimate of the amount of timber that could be offered for sale under such a plan?

Answer: Provided that funding, necessary staffing and committments from other involved agencies are provided early in the process, it is estimated that it may take up to 2 years to complete a recovery plan.

For estimation purposes, the limitations of the current injunction will be used as the basis for what timber could be offered during the development of the recovery plan. This would result in an average of 800 MMBF being available for harvest under the plans currently in existence provided that the management criteria from the initial listing does not include additional mature timber for critical habitat.

19. Question: Do you believe it would be possible to offer federal timber for sale during the development of such a recovery plan for the owl?

Answer: It is assumed that timber sales could continue on commercial forest lands where harvest would clearly not affect spotted owl habitat.

20. Question: Please provide the Subcommittee with a description of the BLM's timber sale preparation process.

Under normal circumstances, how long does it take to prepare a tract of federal timber for sale?

Answer: The preparation process for a timber sale can vary depending upon the circumstances for the particular sale. If access over private lands is required, which is common in the checkerboard ownership areas of western Oregon, the total preparation time will take as long as 3 years. In sale areas where easement acquisition is not necessary, approximately 1.5 to 2 years would be required. Below is a sample schedule that would be used for a sale which would be offered on February 28, 1990.

SAMPLE TIMBER SALE PREPARATION SCHEDULE

Support Function	Start Date	Finish Date	Time Period
Easement Acquisition *	1/87	7/89	30 months
Interdisciplinary Review	6/88	12/88	7 months
Property Line Survey	7/88	9/88	3 months
Environmental Assess.	1/89	5/89	5 months
Public Sale Review	5/89	7/89	3 months
Sale Engineering	8/89	12/89	5 months
Sale Layout	9/89	10/89	2 months
Cruise & Appraisal	10/89	1/90	4 months
Contract Preparation	1/90	2/90	2 months
Sale Advertisement	2/90	2/90	1 month

* Process starts here when easement acquisition is required, otherwise it begins with interdisciplinary review.

The total time required with easement acquisition in this illustration is 38 months and without easement acquisition, 21 months.

21. Question: How much of your FY 1989 timber sale program in Western Oregon was prepared and ready for sale at the beginning of FY 1989?

Answer: At the beginning of FY 1989, 160 MMBF was prepared and ready for advertising.

22. Question: What volume of timber is currently ready for sale? Of this amount, how many of those sales are enjoined by the court orders?

Answer: The field work is complete on all of the remaining un-enjoined proposed 1989 sales (457 MMBF). Office work on about 25% of this volume still remains to be done. An additional 160 MMBF of currently enjoined unsold 1988 sale volume is ready for sale subject to minor adjustments in appraisals. An additional 120 MMBF of currently enjoined 1989 volume is about 90% prepared.

23. Question: How many of the enjoined sales have been replaced with other sales that are not affected by the court injunctions?

Answer: In the currently planned FY 1989 sale offering, there already is 59 MMBF of volume from the 1990 sale plan that was moved ahead to supplement the original 1989 non-enjoined volume.

24. Question: What level of funding will be required in FY 1990 to refill the "timber sale pipeline" so that the pipeline will be 100 percent full?

Answer: The histo ical "pipeline" of unharvested sold timber is about 2,400 MMBF. The present level is about 1,400 MMBF, therefore it would require an additional 1,000 MMBF in addition to the normal offerings in order to refill this "pipeline". It is not possible to refill this "pipeline" with this level of additional volume under the court injunction and still remain within the parameters of the existing plans and EIS's.

Preparation of a year's additional volume (on the shelf volume), short of selling it however, could be done. To refill this "pipeline" over a 3 year period, it would require additional funding of $7.5 million annually for the 3 year period plus the funding necessary to offer the normal planned volume. In order to eventually offer this volume for sale, it would also be necessary to fund an adequate level of forest development and intensive management practices.

25. Question: Due to the injunctions on the sale of federal timber in Western Oregon, do you expect the FY 1989 harvest level of 1.176 billion board feet to be realized?

Answer: Yes, if the the thrust of the question is related to "harvest" being met versus offering the allowable sale quantity of 1,176 MMBF for sale in 1989. It is anticipated that the industry will harvest at least at the rate of the normal annual timber sale offering level of 1,176 MMBF. A harvest rate of 1,400 MMBF is likely to be achieved if market conditions remain stable. This level of harvesting will further deplete the "pipeline".

26. Question: Please explain to the Subcommittee how the federal dollars appropriated for the preparation and sale of federal timber are expended when the timber sales are interrupted by administrative or judicial action.

Answer: When this happens, over the short term (1 - 3 years), it is advisable to keep the permanent work force intact. This will permit rapid recovery in the program whenever the constraints are removed because the necessary skills are present in the workforce. This is the present situation. In FY 1989, excess timber management capabilities were redirected to focus on needed reforestation work and resource management planning. Most temporary employees were released. The core of the experienced permanent workforce remains available to maximize timber sale offerings in future years in the event that the owl litigation is favorably resolved.

27. Question: Can these funds be used on other BLM programs or be held over and used in later years?

Answer: O&C funds can be redirected within the forestry programs within certain limitations. Generally, except for limited accounts, funds cannot be redirected to other O&C programs without the Congressional approval of budget reprogrammings. The "O&C Appropriation" funds cannot be transferred to other appropriations accounts, however, O&C funds not used in one fiscal year do "carry-over" and can be used within the O&C Appropriation during the following years. The funds in the "O&C Appropriation" are made on "available until expended" or "no year" basis by the Appropriations Act language.

28. Question: What administrative actions are you considering or pursuing under existing statute to lessen the effects of these problems?

Answer: In regards to the budget, permissible flexibility will be utilized to deal with the situation for the short term. The minimum funding needs to sustain the permanent workforce and maintain some viability in the BLM forest management program is as presented in the FY 1990 President's Budget.

As to program actions, the FY 1989 Timber Sale Plan has been modified by removing cutting units in enjoined areas and has moved 59 MMBF from the 1990 sale plan into 1989. Commercial thinning is a possible source of additional volume however some primary road access must be developed first which would require additional appropriated funds. Current decadal plans and EIS's constrain major shifts into non-enjoined areas due to spacing considerations and cumulative environmental impacts.

OLD GROWTH AND SPOTTED OWL

29. Question: Are you currently engaged in taking an inventory of old growth forests on BLM land in Western Oregon?

Answer: There is no current inventory occurring because an extensive inventory of all western Oregon BLM administered forest lands was completed in 1988. Old growth forests were included in this inventory.

30. Question: Please provide the Subcommittee with an estimate of the acreage of old growth forests on BLM land in Western Oregon.

Answer: As of April 1989, we have estimated that there is 447,900 acres of old growth remaining on BLM administered lands in

western Oregon. Of this total, approximately 32% or 143,240 acres are presently withdrawn through existing management plans and thereby protected from timber harvest.

31. Question: Please provide the Subcommittee with a profile of the BLM's northern spotted owl research activities. How will this research be integrated into the new land and resource management plans being prepared for implementation in the 1990's?

Answer: Early in 1980, the BLM recognized that large data gaps existed in the inter-relationships between wildlife and old growth forests. At the same time the Bureau was deciding that intensive research was required to begin to resolve the old growth/wildlife conflicts, the U.S. Forest Service, Pacific Northwest Research Station (PNW) was implementing a research and development (R&D) charter entitled Old Growth Forest Wildlife Habitat R&D Project (OGFWHP). The objective of this R&D project of highest interest to BLM was to acquire information on the ecology of the northern spotted owl in the context of old growth forest ecology.

In 1982, the BLM began financial support of the PNW's old growth R&D program and to date (1989) has invested nearly $1.5 million, with approximately $700,000 being expended specifically on northern spotted owl research.

The BLM plans to incorporate the latest spotted owl research findings in the new Resource Management Plans (RMP's) being prepared now as the data becomes available, even though much of the ongoing research findings will not be published for several years. The BLM is working closely with PNW and industry researchers to determine the extent of the preliminary research findings that can be used with a high level of confidence.

The BLM recognizes that many of the research questions will not have findings available for use in the RMP's for the 1990's and has therefore expanded the current interagency agreement with PNW to implement high level spotted owl monitoring. This monitoring will utilize radio telemetry to conduct habitat use studies on the northern spotted owl. The BLM in western Oregon has expended considerable effort in these intensive studies during the last 5 years and will use the information as it becomes available in its resource management plans.

32. Question: Please outline for the Subcommittee the level of consultation and coordination between the Forest Service, the BLM and the U.S. Fish and Wildlife Service in their respective spotted owl research activities.

Answer: As stated in the response to the preceding question, the BLM has contracted spotted owl research to the PNW since 1982. There are many levels of interagency coordination and research information exchange on the spotted owl in the Pacific Northwest. Numerous meetings dealing with spotted owl research, research progress reports, future needs, monitoring and general data transfer between interested parties have been and are being held.

In addition, the interagency agreement between the Forest Service, Fish and Wildlife Service, National Park Service and the BLM, which was signed in August of 1988, has provided a formal process for sharing spotted owl research and monitoring findings. This agreement also charges the FWS with the responsibility to compile an annual report on spotted owl management activities in the Pacific Northwest based upon the data provided by the involved agencies.

REFORESTATION AND INTENSIVE MANAGEMENT

33. Question: It recently has come to my attention that the BLM has fallen behind its reforestation and intensive management targets on its current land and resource management plans in Western Oregon. Please explain to the Subcommittee the reasons for this unfortunate situation.

Answer: As indicated in question #15, the FY 1988 harvest of 1,642 MMBF is unprecedented in BLM history. Harvest rates also continued at a high rate during the early part of 1989. As a result of this increased harvest, forest development program needs in terms of site preparation, tree planting, plantation maintenance and tree improvement exceed the funding that was initially projected in this program for FY 1989 and FY 1990.

Compounding the impacts of accelerated harvesting is the injunction on the use of herbicides which occurred in 1984, and has resulted in the need to use more costly alternatives for forest vegetation control. Hence, fewer acres could be treated with a limited budget.

There is no backlog in intensive management in order to be in compliance with current plans. BLM was directed by the Federal Timber Contract Payment Modification Act of 1984 to reoffer returned buy-out volume as "part of, but not in addition to" our regular sale program. Therefore, the BLM has offered the equivalent of the full allowable cut by using buy-out volume as a substitute for intensive management in its plans. Since these "credits" were applied to the planned intensive management to achieve plan compliance, the budget request did not identify a need for additional intensive management investments.

34. Question: Please provide the Subcommittee with the number of acres of your reforestation backlog in Western Oregon.

Answer: At the proposed funding level in the 1990 budget, the remaining reforestation backlog in western Oregon is:

26,000 acres of plantation maintenance
10,000 acres of site preparation
14,100 acres of tree planting

In addition to the above, genetic tree improvement activities which support planned reforestation activities would be lacking, however, this is not quantifiable on a per acre basis.

35. Question: What level of funding will be required in FY 1990 to eliminate this reforestation backlog?

Answer: The estimated level of funding required to eliminate the above identified backlog (assuming that herbicides would not be available) is:

Activity	Funding Level
Plantation Maintenance	$ 5,670,000
Site Preparation	$ 1,110,000
Tree Planting	$ 2,740,000
Tree Improvement	$ 2,020,000
Total	$11,540,000

36. Question: What is the upper expenditure limit in FY 1990 that could actually be utilized for this purpose?

Answer: Approximately one half, or $5.8 million could be effectively utilized in 1990 with the balance of the workload being accomplished in 1991.

37. Question: Please explain to the Subcommittee how the reforestation backlog affects your sustained yield targets. In effect, how does this situation reduce your annual timber sale level?

Answer: The current timber management plans assume successful reforestation within three years of harvest and that planted trees will not be overtopped by competing vegetation and are free to grow at the planned high rate to reach a merchantable size.

The "allowable cut model" assumes that if reforestation does not occur in the scheduled year, the average time for

reforestation success will increase from the planned 3 years to 4 or 5 years. Each additional year reduces the sustainable harvest level by 1 1/2%. In addition, losses in tree growth from not controlling competing vegetation are estimated at 19% from the sustainable harvest level if left untreated over a rotation period. This reduction applies to 25% of the acreage harvested annually.

For a 2-year additional lag in reforestation, the annual allowable sale quantity (ASQ) could be affected by a loss of 3 percent of the planned volume (35 MMBF from the current planned ASQ of 1,176 MMBF). An additional 56 MMBF in growth losses would occur from not being able to control competing vegetation. The total effect on the allowable sales quantity could be the sum of these impacts or 91 MMBF annually. The specific backlog acreage in Question 34 represents approximately 60 MMBF annually.

38. Question: How does this reduction in timber sales and timber harvest affect the federal timber receipts to the O & C Counties and the Federal Treasury?

Answer: Assuming an average sale price of $250/MBF for the early 1990's, the loss for the 60 MMBF would amount to an annual reduction in timber sale receipts of $15,000,000. This represents an estimated $6.9 million reduction in revenues to the O&C Counties and a $8.1 million reduction in revenue to the Federal Treasury. This annual loss would continue as long as the backlog exists.

39. Question: If sufficient funding is provided in FY 1990 to eliminate your reforestation backlog in Western Oregon, when will the Federal Treasury realize a "return" on its investment? Have you estimated what that investment return will be?

Answer: The current schedule for completion of the new plans is in 1991 therefore the return on this investment would start in 1992 and result in approximately $2.00 for each dollar expended or a B/C of 2 to 1. It is estimated that the Counties would receive approximately 46% of this return and the Federal Treasury would receive approximately 54%.

40. Question: Please explain to the Subcommittee the importance of your intensive management activities on your timber sale program in Western Oregon. By how many board feet do these intensive management practices increase your allowable sale quantity?

Answer: Current timber management plans incorporate increased yields from intensive management practices to increase tree growth. These practices of precommercial thinning, fertilization and stand conversion contribute 134 MMBF to the total annual sale quantity (ASQ) by increasing growth on young stands of timber.

The Federal Timber Contract Payment Modification Act of 1984 returned 274 contracts to the Bureau of Land Management totaling over a billion board feet valued at $430 million. Beginning in 1986 these contracts have been resold as part of the annual allowable sale quantity, thereby offsetting the need (per the allowable cut plans) to fund and accomplish the aforementioned intensive practices. The biological need to accomplish these practices continued to exist even though "the allowable cut affect" was satisfied. The biological "window" on the opportunity to accomplish some of these intensive management practices is limited and upon the expiration of some of these time limits, the opportunities will be foregone and the planned increase in growth may in fact be lost. The "credits" for these intensive management practices will be exhausted in 1990. The treatment of the biological backlog would still be desirable even though compliance has been maintained with the plans.

41. Question: What is the effect on non-timber resources if these intensive management practices are not conducted?

Answer: The lower annual timber sale program would reduce the acres annually harvested in old growth and mature stands. This

in turn would make available more habitat for spotted owls, cavity dwelling birds and other old growth related wildlife.

42. Question: What funding level is required in FY 1990 to eliminate your intensive management backlog?

Answer: The cost to eliminate the biological backlog in intensive management practices as of the beginning of 1990 would total $17.5 million. The current 1990 need of $3.7 million would also have to be added to this in order to prevent accumulation of new backlog.

43. Question: What is the upper expenditure limit in FY 1990 that could actually be utilized for this purpose?

Answer: A total of $3.7 million could be effectively utilized in 1990. The lack of available lead time to accomplish more in 1990 is the limiting factor.

44. Question: How many years do you estimate it will take to eliminate the backlog?

Answer: If funding began in 1990, it would require 4 years to eliminate the 1980's decadal accumulated biological backlog in unfunded intensive management practices.

45. Question: What level of outyear funding will be required to complete this task?

Answer: In order to eliminate the backlog in 4 years as well as to keep current with the required intensive practices, $3.7 million would be required in 1990 and $8.3 million would be required annually in 1991, 1992 and 1993. Actual backlog reduction would not begin until 1991.

46. Question: What is the expected return to the Federal Treasury on the intensive management investment?

Answer: Assuming an average sale price of $250/MBF in the early 1990's, the 134 MMBF intensive management increment would yield $33.5 million in total receipts. This represents an estimated increase of $18.75 million net return to the Federal Treasury which results in a return of about $5.00 to the Treasury for each $1.00 expended or $9.00 total receipts for each $1.00 expended.

47. Question: How many years, if any, will it take to realize a return on this investment?

Answer: Due to the allowable cut effect in which projected growth from intensive management is a direct factor in the allowable cut calculation, the return could begin to be realized in 1990.

Excess Receipts

48. Question: What is the estimated stumpage value of federal timber on BLM lands in western Oregon as contained in the Administration's FY 1990 budget request?

Answer: Assuming that the present price trend continues to increase as the supply of timber under contract continues to decline, the sale price for 1990 is now estimated to be $250/MBF. The estimated stumpage value of the 1,111 MMBF proposed sale offering in the 1990 budget is estimated to be $277 million. This level of receipts however, will not be collected in FY 1990 because the 1990 receipt estimate consists primarily of timber volume being harvested and paid for from the previous 2 to 3 years' sales. Included also are some extended high priced sales from 1979 and 1980

49. Question: What is its current market value?

Answer: Sales for the 1st half of 1989 have averaged $200/MBF. Using this figure, the current market value of the 1,111 MMBF in the 1990 budget would be $222 million.

50. Question: What are the total estimated federal timber receipts from BLM land in Western Oregon as reflected in the Administration's FY 1990 budget request?

Answer: The estimate included in the 1990 President's Budget for federal timber receipts collected by BLM in western Oregon totals $162.8 million. This total consists of:

Source	Estimate
Oregon & California Grant Lands	$149.8 million
Coos Bay Wagon Road Lands	$5.0 million
Public Domain in western Oregon	$8.0 million

51. Question: What is your estimate today - using current market value of the timber?

Answer: The estimate included in the President's Budget consists of receipts from sales from the 3 years previous to 1990. There is a mix of sale values that are included in this estimate as well as some effect of the anticipated reduced harvests and the proposed lifting of the log export restrictions. If the current market value alone was used to revise this estimate, it would likely increase somewhat. However, there has not been any new estimate calculated to consider all of the elements that are integral factors in the estimate. If the current trend of volume being harvested and market prices continues, it would not be unreasonable to assume that the 1990 President's Budget receipt estimate could increase by 15% to 20%.

Wild and Scenic Rivers

52. Question: What is the status of the process leading to the establishment of Wild and Scenic Rivers corridors for the rivers designated under the Omnibus Oregon Wild and Scenic Rivers Act of 1988?

Answer: A BLM "prototype" boundary establishment process has been developed. Under this process, a preliminary administrative boundary based upon an average maximum of 320 acres per river mile is delineated using existing information. Proposed boundaries will be published in the Federal Register and made available for public review as required by the amended Wild and Scenic Rivers Act. All proposed boundaries are subject to change during the management planning process and will become final upon management plan approval.

53. Question: Do you expect to meet the 12 month deadline for establishing these corridors? If not, what difficulties are you encountering in this process? Do you expect to require additional funding for the preparation of the river area corridors?

Answer: We expect to complete delineation of all proposed boundaries within the 12 month deadline. Because the deadline is the end of FY 1989, additional funding in FY 1990 could not be effectively used for boundary establishment work. To meet the deadline for boundary establishment, it was necessary to forego other planned recreation commitments amounting to approximately $155,000.

54. Question: What progress is the BLM making in establishing a process for studying the Upper Klamath River under the authority of section 5(d) of the Wild and Scenic Rivers Act of 1968, as amended? Please provide the Subcommittee with a chronological and topical timeline of the activities you expect to perform in this regard between now and the statutory deadline of April 1990.

Answer: A scoping notice was mailed to the public on February 2, 1989 which described the study process for the Upper Klamath River. We plan to have the draft study available for 60-day public review period by October 16, 1989. The final study is scheduled to be published, reviewed by the Department and submitted to Congress by the March 30, 1990 deadline.

55. Question: Will additional funding be required between now and this deadline to complete all necessary tasks?

Answer: The Bureau is using available funds in FY 1989, resulting in deferral of approximately $110,000 of recreation management and maintenance work. To complete the study in 1990 approximately, $100,000 will be needed for completion and printing of draft and final study reports.

56. Question: Please provide the Subcommittee with a summary of the activities being performed in consultation and coordination with the State of Oregon in preparing a coordinated management plan for the Lower Deschutes River.

Answer: In a March 21, 1989 letter, the Governor requested that BLM assume the leadership role in the development of a coordinated management plan for the Lower Deschutes River. The BLM has accepted the lead provided that the roles and responsibilities of the involved parties are clearly defined and formalized in a Memorandum of Understanding (MOU). The MOU is currently being negotiated. We expect the agreement to be signed soon and the plan to be completed in FY 1990.

57. Question: What additional funding and resources will be required to complete this plan?

Answer: We believe that assuming the leadership role for the Lower Deschutes River management plan will require realignment of our FY 1989 budget commitments for the recreation program. To complete the plan in FY 1990, approximately $120,000 will be used for staff coordination, travel and printing or the other work included in the 1990 Budget request would have to be deferred.

58. Question: Do you anticipate requiring additional funding in fiscal year 1990 to meet the requirements of the Omnibus Oregon Wild and Scenic Rivers Act of 1988 with regard to the preparation of wild and scenic corridors and river management plans for the other rivers designated under that Act?

Answer: The FY 1990 President's Budget requested an increase of $500,000 and 13 FTE for management of Wild and Scenic Rivers (WSRs). This amount includes funds for completing management plans for 6 of the 15 recently designated WSRs in Oregon.

59. Question: What additional resources, statewide, will be required to meet your responsibilities in this area?

Answer: The completion of management plans on the same schedule as the WSR's programmed in the President's Budget for the remaining 9 recently designated WSRs in Oregon would require an additional $500,000 within the recreation management program in FY 1990. An additional $160,000 is also needed in Other Forest Resources Management in the O&C Appropriation for the 4 rivers in western Oregon.

60. Question: Please provide the Subcommittee with a status report on the preparation of the BLM's Land and Resource Management Plans for the 1990's. Will the BLM require additional funding to keep its planning process for Oregon on time during FY 1990?

Answer: The original schedule called for completion of Western Oregon Resource Management Plans in FY 1990. Geographic Information Systems technology plays a major role in Western Oregon plan development, however, delays in achieving full GIS implementation have caused the scheduled completion date for the plans to be postponed to FY 1991. Because of the delays in achieving GIS implementation and the deadline postponement, the BLM Oregon State Office estimates that an additional $875,000 will be required in 1990 to ensure plan completion in 1991.

61. Question: Please provide the Subcommittee with a profile of your wilderness review and recommendation process. When do you expect recommendations to be submitted to the Congress by the Secretary of the Interior?

Answer: The BLM is in the final stages of completing the wilderness study program. Under the provisions of FLPMA, all of the Secretary's recommendations must be sent to the President by October 21, 1991. The President then has a 2 year period to transmit the recommendations to the Congress. The schedule below shows the target dates for BLM to submit its studies to the Secretary for review and action. All studies are being packaged on a Statewide basis. The California package is currently being reviewed in the Department for Secretarial approval.

Statewide Wilderness Study Report - Target Dates

BLM State	Target Date for Submission to Secretary
California	Submitted
New Mexico	April 1990
Nevada	April 1990
Idaho	April 1990
Wyoming	September 1990
Colorado	September 1990
Montana	December 1990
Arizona	April 1991
Utah	April 1991
Oregon	April 1991

Geographical Information System (GIS)

62. Question: Provide the Subcommittee with a status report on the development of your GIS system in Oregon. Is the GIS being used to its maximum potential as the new land and resource management plans are being prepared? What additional funding requirements do you estimate will be necessary to bring this system up to its maximum operating potential?

Answer: Geographic Information Systems (GIS) technology plays a major role in the Western Oregon resource management planning process. The effort to utilize GIS technology began in 1987 with the establishment of the Western Oregon Digital Data Base (WODDB) project to digitize and map on a computer system the complex and diverse resource information necessary for effective resource management. BLM has experienced delays in implementing GIS technology in Western Oregon because the relatively high resource value per acre compared to other areas managed by BLM requires a higher degree of precision than has been required in other BLM GIS efforts. The GIS software is being upgraded for use in Western Oregon. The development of the data base is, however, continuing. Base mapping efforts have been completed and data entry of resource themes is currently underway. A pilot test site in BLM's Medford District has been established to test the system and determine total funding requirements for the project. These cost estimates are expected to be available by the end of May 1989.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

Bureau of Land Management

Recreation Issues

You have been up to the Hill and have briefed us on the Bureau of Land Management's Recreation 2000 Strategic Plan. We commend you on your approach and on moving your recreation program into an equal partner of your multiple use charge. I have a few questions concerning the plan and your implementation of its goals and objectives.

1. Question: What are the priorities you have identified in Recreation 2000?

   Answer: Our overall priorities for recreation management are reflected in the implementation plan for Recreation 2000. They are: to improve service to Public Land visitors, to maintain existing recreation facilities, and to improve our capability to protect essential recreation and other resources. To the extent that they support these priorities, actions which enhance partnership and volunteer efforts, improve land ownership adjustment needs and access will also be given priority consideration.

2. Question: If you were given more money for recreation management funds would this be adequate to bring your level of service up to meet Recreation 2000 goals for 1990 for visitor services and resource protection? How much would you need?

   Answer: An additional funding need of $6,300,000 annually was identified in supporting analyses to complete the goals and objectives established in the recreation 2000 plan. However, considering, the severe FY 1990 budget constraints, the Department has chosen to pursue a less aggressive course of action than outlined in the strategic plan.

3. Question: If you were given additional funds in recreation maintenance would this be adequate to bring your existing facilities up to a standard that will insure the health and safety of the visitors in 1990?

   Answer: Until the BLM completes the Bureauwide maintenance condition survey in FY 1991, we will not have a complete estimate of our recreation maintenance needs. Past maintenance efforts have been limited to corrective maintenance on our highest priority sites to resolve major health and safety problems. Routine preventive maintenance has consequently been given lower priority with the limited funding available.

4. Question: If you received additional funds in 1990 for recreation construction would this allow you to meet your goals already identified in your Recreation 2000?

   Answer: To begin to meet our Recreation 2000 goals, the FY 1990 President's Budget requests $1,000,000 for construction projects most of which are recreation-related. Although most recent information indicates that additional recreation-related construction projects could be completed the Department has chosen to pursue a more moderate approach given budget constraints.

Wildlife Issues

5. Question: In your 1990 budget you identify objectives for a strategic plan for fish and wildlife called Fish and Wildlife 2000. What are you now doing to implement this plan?

   Answer: We have moved to implement this plan as follows:

   1. The Bureau's wildlife and fisheries program has been restructured as outlined in the Fish and Wildlife 2000 plan.

   2. We have directed each BLM State Office to prepare State

Fish and Wildlife 2000 plans for their respective State and includes projected costs and a schedule for implementation.

3. We have developed national strategy plans for implementing specific Fish and Wildlife 2000 objectives relating to:

- anadromous fish and the Bureauwide fisheries program
- riparian area management (related to fisheries and wildlife actions)
- waterfowl/wetland habitat management
- raptors
- desert tortoise (rangewide plan)
- desert bighorn sheep (rangewide plan)
- watchable wildlife initiative
- animal inn initiative

4. We have recently established interdisciplinary teams to formulate strategies for Threatened and Endangered fish (99 species) and special status plants (45 listed and 650 candidate species).

5. We have begun analysis of overall costs of Fish and Wildlife 2000 implementation to provide input to the Bureau's budget process.

6. Question: How much additional budget and people are required to fully implement your plan?

Answer: Based upon very preliminary cost estimates at this time we are projecting that to fully fund and accomplish the objectives and goals identified in Fish and Wildlife 2000, it would cost approximately $35 million per year above the 1990 proposal through the year 2000. Additionally it is estimated that approximately 200 new FTE would be needed by the BLM over this same time period. Because of the severe constraints placed on the Federal budget in order to reduce the deficit, the Department has chosen to pursue a more conservative approach to implementing the plan in 1990.

Within the framework of your wildlife and fish 2000 initiatives, I note that you have developed specific strategy plans for desert bighorn sheep, desert tortoise, fisheries, raptors, and waterfowl management.

7. Question: What is the status of implementation for these plans? and how much additional funds do you think it will take to fully implement them?

Answer: Portions of all of these plans are being implemented within the current budget. However, these plans will not be fully implemented for several years at the current level of funding and staffing. Funding estimates to fully implement each plan over the next decade are as follows:

	Total Estimated needs Over Next 10 Yrs. $(000)
- desert bighorn sheep	600
- desert tortoise	15,000
- fisheries	38,400
- raptors (strategy plan & existing HMPs)	9,000
- waterfowl/wetlands	42,700

8. Question: In this atmosphere of budget reductions, you have no doubt developed a backlog of wildlife habitat work. With your existing plans, what is your estimate of backlog, in dollars, needed just to implement your completed plans?

Answer: The following information is an estimate of the total cost to implement plans that are currently completed but are not fully implemented. The projects associated with the plans could be considered as backlog; however, the inventory, monitoring, etc. is recurring work and is not what we would normally refer to as backlog.

Wildlife HMPs	$63.2 million
Fisheries HMPs	21.3 million
T/E HMPs and Recovery Plans	undetermined

9. Question: Your Fish and Wildlife 2000 stresses the challenge cost share program. This helps to expand partnerships with others to achieve your fish and wildlife job on BLM lands. At the present funding level can you fund joint projects that have been identified within your states?

Answer: In FY 1989 the BLM State Offices in concert with contributing agencies or groups identified projects that would have cost approximately $8.2 million, of which the Bureau would have received projected contributions amounting to $4.7 million. In FY 1989 the Bureau approved implementation of projects which are projected to cost approximately $3.2 million in total from both BLM and contributed funding.

10. Question: There has been considerable recent interest in conserving biological diversity. The role of the Public Lands has not been fully understood nor recognized. I feel strongly, that the public lands have a major role to play in identifying the important ecosystems that some once thought were not very important in the desert communities. They are important and being from Nevada I understand them and want to help in their preservation. Does your requests for funds reflect your important role in implementing biological diversity actions on the public lands?

Answer: Yes, since various mechanisms and authorities necessary to implement a program for biological diversity exist at present, and since Goal 3 of the Threatened and Endangered Species component of Fish and Wildlife 2000 is specifically oriented to maintaining biological diversity, we are moving on a limited basis to address biological diversity. Specifically, we are developing training programs and working both internally and cooperatively with others to refine an appropriate series of strategies.

Rangeland Management Issues (Grazing)

You have a National level policy called selective management on livestock grazing allotments. Through this process you select high priority allotments for allotment management planning to get on top of the overstocked and declining range conditions.

11. Question: How many are left to do just on high priority allotments?

Answer: Please note that "Selective Management" is a process for setting priorities for management. This includes all other range management activities as well as allotment management planning.

The high priority management areas are not generally overstocked. The areas may have management problems that are the result of improper livestock grazing management and resource conflicts. These problems can usually be resolved by making adjustments to the current management. However, any allotment that is overstocked and in declining condition should be in the "I" or high priority category.

Of the total 5,244 "I" category allotments there are 3,624 allotments which require new or updated Allotment Management Plans.

12. Question: Do you have a schedule and necessary resources including the budget to accomplish the tasks on the high priority allotments, required of you in a timely manner? How many years?

Answer: We have priorities established for development of the allotment management plans based on implementation of Land Use Plans as they are completed. The final Grazing Environmental Statements and Resource Management Plans that provide the basis for activity plans have now been completed with implementation of the most recently completed RMPs anticipated to begin in 1990 or 1991. With current levels of available resources and priorities, we will be able to prepare the activity plans on all high priority allotments in 25 years. The interium work efforts associated with these allotments include the required day

to day administration, range management, monitoring and coordination with other management activities, This rate considers the availability of funding required to provide developments and improvements along with the management prescriptions.

You have said that monitoring for each allotment is high priority in the range program.

13. Question: Are you keeping up with adequate monitoring on all allotments, while you are concentrating on the high priority allotments?

Answer: We cannot monitor all allotments; however, through the establishment of priorities, we are concentrating efforts on those with the greatest needs. In addition to the high priority allotments, monitoring is also established on allotments where immediate data needs have been identified.

14. Question: Do you have the manpower and resources necessary including the budget to carry on a viable monitoring program that will provide you with the data needed to get on top of the poor range conditions and overgrazed areas?

Answer: All BLM field offices are directing their capabilities toward monitoring and managing the high priority "I" allotments. We have shifted our capability from other program areas such as allotment management planning and implementation to monitoring and currently are conducting a monitoring program on 80% of the "I" allotments.

We would point out that all high priority "I" allotments are not necessarily overstocked or in poor or declining condition. Problems usually are improper livestock grazing management and resource conflicts. Management actions are necessary to correct these problems. These actions include adjustments in the current period and duration of use by the livestock; adjustment of numbers, kind, and class of livestock; and using better methods for proper grazing distribution.

15. Question: Do you have a schedule to accomplish this? How many years?

Answer: The Bureau is working under a policy that requires monitoring to be initiated on areas with conflicts and/or where adjustments are indicated. The purpose is to issue decisions or enter into agreements on livestock use changes by the end of 5 years following a Record of Decision which is issued from the Land Use Plan for the area. Since the last Grazing Environmental Statement will be completed in 1989 the final group of decisions or agreements is scheduled for 1994.

16. Question: Your rangeland resources budget has been going down for the past few years. How do you expect to do this important work in riparian, rangeland allotment planning, range condition improvement and restoration in the next few years with fewer people and reduced budgets?

Answer: The 1990 Budget provides the capability to accomplish what the Bureau has identified as the high priority rangeland management work and includes: program administration, monitoring of "I" allotments, and riparian area management. The range improvement and restoration is predominantly accomplished through the Range Improvement Appropriation; however, the project planning normally is accomplished with the rangeland management funding. With the limited funding the BLM does closely scrutinize and prioritize its work load, and although the funding level has remained fairly stable in recent years we are not anticipating a decline beyond 1990.

QUESTIONS SUBMITTED BY SENATOR DON NICKLES

Bureau of Land Management

1. Question: The Cherokee, Choctaw, and Chickasaw Tribes of Oklahoma are interested in enforcing their ownership of the Arkansas Riverbed and desire the Bureau of Land Management along with the Bureau of Indian Affairs to conduct the necessary surveys. Since the Department has a fiduciary duty to protect tribal lands from intruders and manage tribal surface and subsurface resources in a productive manner, how can this obligation be met without immediately performing cadastral surveys on the disputed riverbed tracts where there are known intruders living on and farming the lands?

   Answer: The BLM plans to work with the Bureau of Indian Affairs, the Cherokee, Choctaw, and Chickasaw tribes, and the Arkansas River Authority to survey the Arkansas River bed in Oklahoma. BLM initiated surveys in the Arkansas River Bed in FY 1988 and is currently negotiating a Memorandum of Understanding (MOU) with the Bureau of Indian Affairs and the involved tribes to accomplish these surveys in the future.

2. Question: Of the estimated $700,000 of FY 1989 funds and $50,000 of FY 1990 funds requested by the Administration, what portion would be dedicated to the proposed new BLM "project office" to be established in Oklahoma to survey the Arkansas riverbed for the Cherokee, Choctaw and Chickasaw tribes?

   Answer: The latest draft of the MOU calls for $100,000 to be transferred from the Bureau of Indian Affairs to the BLM in FY 1989 and $200,000 per year from 1990 to 1994. This will provide for 4 BLM personnel to be assigned to the project office to do the field surveys and be assisted by 2 tribal employees by 1990.

3. Question: Of that portion of funds to be allocated to the new BLM project office in Oklahoma, how much of those funds would have to be used for administration and other expenses to operate the project office and how much would be available to pay surveying costs?

   Answer: All of the funding provided the project office would be available for surveying costs. Direct support for the project office staff would be provided by the BIA.

4. Question: How much money in FY 1990 would be required to complete in a three-year period the necessary cadastral surveys of tribal lands in the entire 96-mile riverbed and initiate any related court actions?

   Answer: BLM does not believe that it would be possible to complete the surveys within a 3 year period even if additional funding were provided. Surveys of riparian boundaries where the course of the river has shifted over the years can be very complex. Any approach that would attempt the surveys in less than 5 years could jeopardize the quality and defensibility of the work in any legal context.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

Bureau of Land Management

Archaeological Resources

Recently, the National Park Service, the Forest Service, and BLM drafted a plan for the the establishment of an interagency working group in Albuquerque, New Mexico of law enforcement and legal professionals whose primary purpose would be to halt the illegal excavation and trade in artifacts. This would cost only $225,000.

1. Question: Does the Bureau of Land Management share my commitment to this effort?

Answer: BLM is involved in interagency effort in southern New Mexico called IMPACT (Interagency Mobilization to Protect Against Cultural Theft). This project involves 18 State and Federal agencies, including BLM, Forest Service, and National Park Service, and also has as its goal increasing public awareness of looting and vandalism and improving law enforcement. The group meets twice a year. To date the group has set up a toll-free number (1-800-NEIGHBOR) to report thefts and vandalism, sponsored interagency Archaelogical Resources Protection Act (ARPA) training, networked law enforcement officials to share incident data, established a "help file" to list archaeologists who can assist in documenting ARPA violations, printed an anti-vandalism brochure, developed a speakers' bureau, prepared public service announcements, and lectured extensively in the schools. No overall budget has yet been developed for this effort.

We are aware of another interagency effort focused in the Four Corners States in which BLM is involved for the benefit of archaeological resource protection primarily in southeastern Utah, and is referred to as the Interagency Task Force on Cultural Resources. This group, composed of representatives from the Utah BLM, Forest Service, National Park Service, and the State of Utah has been actively promoting cultural resource protection in the State.

In addition to these 2 interagency efforts, 5 BLM Resource Areas abutting the Four Corners have established a Four Corners Resource Area Cultural Resource Management Coordination Group. This group is coordinating BLM management and protection efforts in the Four Corners area.

El Malpais National Conservation Area

In 1987, I steered the El Malpais/Masau Trail Act, P.L. 100-225, through the Senate. This new law protects the spectacular lava flows of El Malpais near Grants, as well as the surrounding lands. It sets aside a 114,000-acre area as El Malpais National Monument, then surrounds it with a 261,000-acre El Malpais BLM National Conservation Area. In addition, the law designates 98,000 acres within the conservation area as wilderness.

Although the Congress provided a sufficient authorization in P.L. 100-225 for land acquisition at El Malpais and has appropriated $1 million for BLM land acquisition activities and $450,000 for BLM planning and operations at El Malpais National Conservation Area, BLM has not undertaken land acquisition at El Malpais as expeditiously as many had hoped.

In addition, Section 504 of Public Law 100-225 specifically required the BLM to exchange certain Federal mineral interests for certain private subsurface mineral interests in the National Conservation Area. It was the express stated intent of Congress that the exchanges be completed no later than thirty-six months after the date of enactment of P.L. 100-225. Although only 16 months have passed since the enactment of P.L. 100-225, there is some concern that BLM will not complete the exchange within the prescribed time.

2. Question: How much is needed for BLM land acquisition at El Malpais National Conservation Area? Which lands would the Bureau intend to acquire with those funds?

Answer: Land acquisitions planned for 1990 will involve the following efforts primarily in wilderness inholdings and edgeholdings. Acquisitions planned are as follows:

ACQUISITION	ACRES	INTEREST
Cerrillos Minerals	15,008	Exchange or Fee
King Brothers	8,136	Exchange or Fee
Scenic/conservation easement SR 117 & I-40	5,760	Fee Acquisition
Other Minerals	15,000	Exchange/Fee
Cebolla Wilderness	440	Exchange/Fee
West Malpais Wilderness	1,300	Exchange/Fee

It is estimated that the above acquisition and exchange projects can be accomplished at the amended FY 1990 budget level amount of $1,250,000.

3. Question: How many land acquisition transactions has BLM completed at El Malpais since the enactment of P.L. 100-225? What is the total acreage, surface and subsurface, that the BLM has acquired in each of these transactions? How much has BLM expended to date on these transactions? Who were the parties to these transactions?

Answer: Attached are schedules for land acquisition for FY 1989, and FY 1990. FY 1989 and FY 1990 are BLM's major acquisition years for the El Malpais NCA. Land and Water Conservation Fund (LWCF) appropriations for FY 1987 were $250,000, none for FY 1988, and $1 million for FY 1989. With the 1987 funding, the following acquisitions were accomplished.

(1) A New Mexico State Lands surface/mineral exchange for 24,721 acres was completed in September 1987;

(2) New Mexico and Arizona Land Company (NZ) Phase I mineral exchange for 17,547 acres was completed in August 1987;

(3) A State mineral exchange for 16,209 acres was completed in September 1987.

Land acquisition for FY 1989 was primarily for mineral (subsurface) exchanges (identified as BLM's first priority for acquisition). The 1989 appropriation of $1.0 million was programmed to accomplish the following workload:

ACQUISITION	ACRES	INTEREST
NZ II Minerals	10,932.85	Fee Acquisition
NZ III Minerals	27,403.17	Fee Acquisition
NZ IV Minerals	18,506.20	Exchange
NZ V Minerals	28,717.07	Exchange
Cerrillos Minerals	15,008	Exchange/Fee Acquisition
King Brothers	8,136	Exchange/Fee Acquisition
Scenic/Conservation Easements SR 117 & I-40	5,760	Fee Acquisition

4. Question: What is the status of the mineral exchanges mandated under Section 504 of P.L. 100-225? When will these exchanges be completed? How much funding is needed to complete these exchanges?

Answer: The Bureau of Land Management (BLM) has been involved in an active mineral exchange program in El Malpais National Conservation Area (NCA) since funding was first provided in

FY 1987. Such exchanges have been determined by the New Mexico State Historic Preservation Officer (SHPO) to be Federal undertakings under Section 106 of the National Historic Preservation Act. Because of this determination, BLM must follow the process set up by Section 106 of the National Historic Preservation Act and implemented by 36 CFR 800 in consummating land and mineral exchanges.
BLM in New Mexico has been able to consummate several land and mineral exchanges in full agreement with the SHPO. The adverse effects of surface and mineral exchanges with the State of New Mexico have been avoided through a Memorandum of Agreement with the State Land Office which provides a similar level of protection to historic properties transferred from Federal to State ownership.

Mineral exchanges in the El Malpais NCA with private companies have proved to be more difficult from the point of view of cultural resource compliance. The first one with the New Mexico-Arizona Land Company (NZ I) began with problems in agreeing with the SHPO about level of inventory required. BLM proposed that because only low value minerals were involved, a literature search (Class I inventory) should be prepared. The SHPO believed that too little was known about the area involved for a literature search to be the basis of determining whether National Register eligible properties would be affected by the undertaking. This failure to agree led the BLM to request comments from the Advisory Council on Historical Preservation, which agreed with the SHPO. The BLM then withdrew the proposal and substituted a proposal which redefined the undertaking as a larger mineral exchange package involving moderate and high value minerals in addition to the low value minerals previously proposed.

Three exchanges with NZ (NZ I, NZ II, and NZ III) and one with Cerrillos Land Company were included in the package. An agreement was reached with the SHPO that the BLM would complete 100% inventory (Class III) in areas of high mineral values, 10% sampling inventory (Class II) in areas of moderate mineral value, and a literature search (Class I) in areas of low mineral value. Under this agreement, a literature search for the NZ I exchange parcels (low value minerals) fulfilled BLM's obligation to identify historic properties eligible for the National Register of Historic Places.

Thus an exchange was consummated for 17,547 acres. A determination of no adverse effect was made based on the low likelihood of the minerals ever being developed.

The proposed NZ II Mineral Exchange involved moderate value minerals. Under the agreement with the SHPO, a Class II (10% sample) inventory was performed to identify historic properties. Because moderate value minerals are involved, there is some possibility that the minerals could eventually be developed; thus, an adverse effect determination has been made. The BLM first proposed to avoid the adverse effects of the undertaking through an agreement with NZ which would have required NZ and its successors to provide a similar level of protection to the historic properties on private surface overlying the former Federal minerals in the event of mineral development. In the end, NZ could not agree to this proposal, nor to several others submitted by BLM and the SHPO.

Because of this failure to agree on a mechanism to avoid or reduce the adverse effects of the NZ II Mineral Exchange, BLM and NZ have redefined the package of mineral exchanges proposed between the two parties and have looked into other means of mineral acquisition. As a result NZ II is now a proposal for BLM to buy about 10,900 acres of NZ minerals within El Malpais National Conservation Area. The acquisition of NZ II minerals (about 30,800 acres) within the National Park Service (NPS) administered El Malpais National Monument has been placed on hold until NPS receives acquisition funding for his purpose.

NZ III is now a proposal for BLM to buy about 27,400 acres of moderate value minerals on the east side of the NCA from NZ. No historic properties would lose any Federal protection through this purchase, so Section 106

consultation is not required. Historic properties on Federal surface overlying the purchased minerals will be protected from any threat of mineral development.

NZ IV is now a proposal for BLM and NZ to exchange approximately 18,500 acres of low value minerals. We expect that the SHPO will require only a Class I inventory (literature search) since the NZ II Class II inventory was performed in the same general area and provides a great deal of new information about the kinds of historic properties which could be affected by the exchange.

NZ V would be an exchange of about 28,000 acres of NZ's mineral estate for a small amount of high value Federal surface estate near Las Cruces or Alamogordo, New Mexico. BLM would likely, after consultation on level of inventory, perform a Class III (100%) inventory, and again after consultation, carry out a program of testing and excavation to reduce the adverse effects of the land exchange on any historic properties eligible for the National Register of Historic Places.

Cerrillos Land Company (Santa Fe Southern Pacific Railroad) is in the process of resubmitting their mineral exchange proposal for approximately 15,000 acres of subsurface minerals within the southwestern portion of BLM's NCA. We expect that the new proposal will select predominantly moderate value minerals, and may contain Federal minerals previously inventoried for NZ II.

It is possible that if BLM determines to proceed with the Cerrillos Mineral Exchange, some accommodation on cultural resources inventory and protection can be reached with the Advisory Council. In that case, other mineral exchanges involving moderate and high value minerals could be possible without going through the whole time-consuming "failure to agree" process. Since Congress has directed BLM to consummate the Cerrillos and NZ Exchanges (P.L. 100-225), and it is likely to do the same in future legislation, working out an agreement with the Advisory Council would be a significant benefit to BLM and to speeding up the entire El Malpais NCA acquisition process. We estimate that about $800,000 is necessary in FY 1989 and FY 1990 to complete the remaining mineral exchanges.

Tri-Party Cooperative Agreement

On September 15, 1987, BLM, BIA, and the Navajo Tribe entered into the Tri-Party Cooperative Agreement for the Navajo Occupancy Resolution and Land Consolidation Program, which sets the stage for the consolidation of BLM, BIA, and Navajo lands in the Four Corners Area of northwestern New Mexico.

The effort is designed to help resolve long standing land ownership and occupancy problems in the area surrounding the Navajo Reservation in New Mexico. Confused, clouded and checkerboarded land titles in part of the Eastern Navajo Agency has inhibited economic development and resource utilization to the detriment of Federal, State and Tribal governments.

I recently went to Gallup, New Mexico and met with local residents who fear that, as a result of the proposed land consolidations, the City will become surrounded by Navajo lands and thus, be classified as a "dependent Indian community. That would make it legally part of "Indian Country," and could subject the residents of Gallup to the jurisdiction of the Navajo Tribe.

5. Question: Does The Bureau of Land Management still intend to implement the Tri-Party Agreement?

Answer: BLM will continue working under the Tri-Party Agreement, with the Navajo Tribe and BIA to try and resolve the conflicting land status issue in the checkerboard ownership area. However, due to changes in leadership at the Navajo Tribal Government, further action is currently delayed.

6. Question: Has the Bureau assessed the impact of the proposed land consolidations on local communities, and particularly the possibility that the land consolidation could cause some communities to become part of Indian Country?

Answer: In light of the recent court decision expanding the "Indian Country doctrine", the BLM will review future land consolidation actions as to how they might affect local communities.

BLM's recent planning documents for the area (the Farmington Resource Management Plan) identified small, scattered, and isolated tracts of Public Lands in this area as suitable for exchange. Some of these tracts are near Gallup, New Mexico. The City of Gallup has opposed the exchange of Public Lands near the City. They protested this component of the Farmington RMP. The protest by the City of Gallup was resolved. Public meetings and a hearing were held in Gallup in April, 1988. BLM has now agreed to notify the City of Gallup prior to considering any land disposals or exchanges in the area.

QUESTIONS SUBMITTED BY SENATOR DENNIS DeCONCINI

Bureau of Land Management

Law Enforcement

1. Question: Does BLM law enforcement have adequate authority to take actions to suppress the manufacture, distribution, possession or dispensing of illegal drugs on the public lands it administers?

Answer: The BLM has promulgated a regulation (43 CFR 8365.1-4) which makes it illegal to cultivate, manufacture, deliver, traffic in or possess an illegal controlled substance upon the public lands. Also, according to a Solicitor's opinion, the Bureau, has authority to enforce provisions of 21 U.S.C. 841 relating to cultivation of controlled substances on Federal lands. The above authority provides BLM offices with limited authority to address drug violations. Additional authority as outlined in the response to the following question would also assist the BLM in effectively enforcing appropriate Federal laws as stewards of the Public Lands.

2. Question: If BLM does not have adequate law enforcement authority, would it be beneficial to have authority similar to that provided the Forest Service as prescribed in 16 USC 559, as amended October 21, 1988, which provides, among other things, that officers of the Forest Service shall have the authority to conduct investigations on violations relating to marijuana and other controlled substances that are manufactured, distributed or dispensed on National Forest system lands?

Answer: It would greatly benefit the BLM's efforts to have enforcement authority such as that provided to the Forest Service. We suggest the following language to extend this authority to the BLM which is consistent with the October 21, 1988, amendment of 16 U.S.C. 559:

"21 U.S.C. AUTHORITY"

"Special Agents and Rangers of the Bureau of Land Management when in the performance of their duties shall have authority to:

Conduct upon the public lands investigations of violations of and enforce section 401 of the Controlled Substances Act (21 U.S.C 841) and other criminal violations relating to marijuana and other controlled substances that are cultivated, manufactured, distributed, dispensed or possessed on the public lands and to conduct such investigations and enforcement actions outside the public lands related to the management, use and protection of the public lands, including the immediate pursuit of such persons suspected of such offenses who are fleeing the public lands to avoid arrest.

The Bureau of Land Management shall:

(1) Cooperate with any other Federal law enforcement agency having primary investigative jurisdiction over the controlled substance offense committed;

(2) Cooperate with the Attorney General in carrying out the seizure and forfeiture provisions of section 511 of the Controlled Substances Act (21 USC 881) for violations of the Controlled Substance Act relating to offenses committed upon or related to the management, use and protection of the public lands."

Recently, Jim Huff, a BLM ranger in Arizona, was fired upon and luckily did not receive a serious injury from a shotgun blast. In following up on this incident, I find that, even though these rangers are trained at the Federal Law Enforcement Training Center and are fully qualified law enforcement officers, they are not covered by the Firefighters and Law Enforcement Retirement system?

3. Question: Why are BLM law enforcement officers not covered by the Firefighters and Law Enforcement Retirement system? What would it take to correct this situation? What is BLM's position with respect to this?

Answer: Eligibility under the Firefighters and Law Enforcement Retirement system is determined by the definition of "law enforcement officer" in 42 CFR 842 and 42 CFR 831. These regulations pertain to the Federal Retirement System (FERS) and define law enforcement officers as positions having as their primary duty the responsibility to investigate, apprehend, or detain individuals suspected or convicted of violating federal law. BLM special agents are covered by the Firefighters and Law Enforcement system, however, BLM law enforcement rangers are not covered because the BLM defines their primary duties as conducting patrols to ensure compliance and detect resource violations.

One way to change this situation would be to revise the role and position description of the BLM law enforcement ranger to place primary emphasis on law enforcement investigative work rather than resource protection. This approach would be contrary to the purposes of the ranger program. Another solution would be to legislatively change the definition of eligibility under the law to include rangers as they are currently defined by BLM. It should also be noted that this approach would also affect other federal land managing agencies with law enforcement rangers.

The BLM does not recommend changing the definition of the rangers' primary duties. We believe that the emphasis of the rangers' duties should remain on resource protection. We would have to study any legislation which was introduced to change the applicability of the law enforcement retirement benefits before we could determine an appropriate course of action.

Facilities Maintenance

4. Question: In facilities maintenance, you are asking for an increase of $3.3 million. What do you expect to accomplish with this increase in funding? Will it cover all of your facilities maintenance requirements for recreation and roads? If not, how much more funding is required to eliminate BLM's maintenance backlog?

Answer: The $3.3 million increase in maintenance funding will be used for corrective maintenance to insure that the highest priority projects identified by our field offices are maintained or repaired to meet minimum standards for both public and employee health and safety. This increase will not cover all of our facilities maintenance requirements, however, it is essential to resolving some of our more serious maintenance funding needs. In the initial FY 1990 budget request of the Department to OMB, an increase of $5.3 million was requested.

The Bureau is developing a Maintenance Management System

that will provide condition ratings for roads, trails, recreation sites, and buildings. The System is scheduled for completion in December 1990. This will provide a fully automated tool that will enable the Bureau to define the maintenance level required for all types of facilities, accurately determine the cost of maintenance, and provide our managers with up-to-date information upon which to set annual work plan and funding priorities.

Recreation Management

5. Question: In the FY 90 budget request, I see that there is an increase of $1.4 million for recreation resource management. What do you expect to accomplish with this increase in funding? Is this sufficient funding to meet the recreation demand on BLM lands in Arizona? If not, what level of funding is required to meet the growing demand on BLM's recreation resources in Arizona?

Answer: The requested increase would be used for management of designated and potentially eligible wild and scenic rivers (WSRs), management of visitors especially in heavily used areas, and implementation of plans related to off-road vehicle (ORV) designations. BLM estimates that 22 additional activity plans will be prepared mostly for WSRs, 1,000 more recreation use permits will be issued, and an additional 30 resource protection projects mostly for ORV areas, will be implemented. This funding will begin to address the growing recreational use of the public lands. Although BLM does not make State funding allocations until after appropriations have been enacted, it is anticipated that Arizona will receive a share of the increase because of increased recreation use in the Long-term Visitor Areas and the need to implement ORV-related protection projects.

Barry M. Goldwater Range

In November, 1986, Congress gave the BLM the natural resource management responsibilities for the Barry M. Goldwater Range.

6. Question: What is the status of the management activities associated with the Barry M. Goldwater Range? Have management plans been completed?

Answer: The BLM is currently doing no active management on the Goldwater Range. We are in the process of completing a management plan, Lower Gila South RMP (Goldwater Range Amendment), which will establish the management objectives for the various resources involved.

The Goldwater Range Amendment/Environmental Assessment is in the public review phase at this time. Additional public meetings will be held to address some comments received during the comment period. We anticipate completion of the plan by the end of the fiscal year.

7. Question: Why is this a unique management situation for the BLM?

Answer: In November 1986, the Military Lands Withdrawal Act (P.L. 99-606) was enacted giving the natural resources management responsibilities for the Barry M. Goldwater Air Force Range to the BLM. This will be the only operational military gunnery range that BLM will actually manage for its multiple use values.

8. Question: Is there sufficient funding in the FY 90 budget request to continue with these activities? If not, what level of funding is required?

Answer: No additional funding was provided by Congress under the Act to perform management on the 1.8 million acre Goldwater Range, nor has BLM received any additional funding to manage this new responsibility. Within existing priorities in FY 1990, the BLM will restrict activities to only the most critical requirements (mandatory actions) for natural resource management on the Goldwater Range.

Arizona BLM estimates the FY 1990 funding necessary to begin meeting the resource management responsibilities of the Range is approximately $300,000, in the program areas of recreation, rangeland management, cultural resource management, wildlife, and wild horse and burro management.

Aircraft

9. Question: What activities require the use of aircraft by the BLM in Arizona? How are aircraft essential to the fulfillment of its mission?

Answer: Administration of all BLM resource management activities in Arizona is enhanced by the use of aircraft. The senior management team for Arizona is very active in intrastate as well as regional activities. Arizona is a lead State within the BLM for development of the Land Information System (LIS). The Bureau's Training Center, located in Phoenix, is increasingly involved in such Bureauwide activities. Aircraft are an essential tool for enabling BLM to meet these interagency commitments. Significant program activities such as land exchanges, and management activities of a sensitive nature such as wilderness legislation and law enforcement, require the transportation of congressional members and staffs, Departmental and agency heads, and state and local governmental officials, necessitating proper security and confidentiality. In addition, the unique barrier within the state posed by the Grand Canyon necessitates aircraft usage to provide access to lands on both sides of the canyon to enable the Bureau to meet its management responsibilities in a timely and cost effective manner.

10. Question: What have been the annual costs incurred by the BLM to rent aircraft in Arizona for the last 5 years?

Answer: Based on information provided by the Office of Aircraft Services, Arizona averages over 1200 hours of flight time at a cost in excess of $550,000 per annum. Over a 5-year period this would amount to $2.8 million.

11. Question: Has the BLM undertaken a review of the costs associated with the rental of aircraft as opposed to owning or leasing aircraft? If so, what are the results of this study? Did these studies indicate whether or not cost savings would be realized by owning or leasing aircraft to meet the aviation needs for the BLM in Arizona?

Answer: An aviation transportation study for the Arizona State Office was completed by the Office of Aircraft Services in January 1988. This study recommends that a fixed-wing, all weather capable aircraft be dedicated and available for BLM use. In broad terms the study indicated that savings could be realized, in that "....a dedicated aircraft shows substantial savings of dollars and time". However, the study did not identify the amount of those savings.

12. Question: Was there a preference stated in this study between leasing or the outright purchase of an aircraft?

Answer: The study did not indicate a preference for leasing or purchase, but recommended that the Bureau's Phoenix office prepare a cost benefit analysis following the OMB Circular A-76 process to determine the most advantageous method of procurement. To date no B/C analysis has been done.

Relocation of BLM Safford District Office

13. Question: What is the status of the relocation of the BLM Safford District office? Why does the BLM feel it necessary to relocate from the existing facilities? What will be the impact to employee health and safety in the event the BLM continues to occupy its current facilities?

Answer: The present, leased District Office facility does not provide adequate working space for employees, sufficient storage or warehouse space, or safe parking for employees and for the public. Space problems have forced us to have some personnel work in the non-airconditioned warehouse where heat sickness in the summer months is a serious threat. The current 26 parking spaces must be shared among 62 employees and the public, resulting in congestion and the potential for accidents. The BLM has developed preliminary plans for relocating to another site if a suitable facility can be constructed.

14. Question: What is the funding required for the BLM to undertake this relocation? What is the capability for FY 90? Is there sufficient funding in the FY 90 budget request to meet this capability?

Answer: The proposed site for the Safford District Office consists of 12 acres of federal land within the Safford City limits along Golf Course Road. Preliminary cost estimates and plans are available. An archaeologic investigation has been completed. A total of $2.3 million is needed to construct the new Safford District Office complex. The new facility would consist of an office, warehouse, wareyard and parking areas. This amount includes approximately $200,000 for an A&E contract and $2.1 million for construction. Both A&E and construction would be completed via contract. Contract supervision would be accomplished by on-board Bureau personnel. The Bureau does not have the capability in the FY 90 budget request to undertake this project.

Maps

I know that the BLM has undertaken an extensive program to reposition lands it administers for better management. Furthermore, Congress has also designated Conservation and Wilderness areas throughout Arizona.

15. Question: Have the maps that the BLM and the public rely on to determine the current status of federal land holdings kept pace with the many changes that have occurred? If not, what is the impact of the BLM not having up-to-date maps?

Answer: The active lands management program in Arizona has changed land status significantly since the last 1:100,000 scale land ownership maps and Wilderness Study Area maps were produced. BLM has been regularly updating its working copies of its land status data and the Master Title Plats. Those documents are accurate and used daily by the public.

However, it is difficult if not impossible, to redraw and reprint new maps after every land action, even after a large land exchange or designation of wilderness. Inevitably there is a period during which the paper copies in use by the public are outdated while new maps are prepared and updates redistributed. This results in some confusion for the general public and additional work for BLM employees to explain the changes from the last printed map.

To solve this problem on a lasting basis, in 1993 BLM will implement the Automated Land and Mineral Record System (ALMRS), a component of the planned Land Information System (LIS). When ALMRS is operational the changes in land status will be possible to be made electronically as a case is processed. Computerized Master Title Plat updates are expected to be available within a day or so throughout the BLM's offices, thereby reducing confusion over the possible status of parcels. Field offices will also have the ability to print some plats and maps of areas as they are requested (though perhaps not for the entire state), so the gaps in time between changing land ownership status and printing new paper maps could be shortened.

Even after automation, hard-copy land status maps will continue to be useful for many people, even though they too will become outdated as land pattern changes occur after map printing. As BLM further expands its communications and data processing capabilities in the 1990's, those

government agencies and others with a need for accurate and "fresh" data on land status should be able to receive automatic updates which should facilitate accurate trading of current land ownership.

16. Question: What funding would be required to bring the maps that the BLM uses up-to-date? Is there sufficient funding in FY 90?

Answer: The printing of a large number of new land status maps for Arizona is not scheduled to be done until after the implementation of ALMRS in 1993, so the efficiency and consistency resulting from the automation can be reflected in the final maps.

Data entry for ALMRS has identified inconsistencies that have developed between different, paper-based records systems. To ensure the accuracy of the automated data, BLM is conducting a quality control process known as data "cleanup". The data "cleanup" for land status information is sufficiently funded within the FY90 base lands program budget.

The major task of data cleanup, including reviewing the inconsistencies in different computerized and manual records systems, is scheduled for FY 1991.

Arizona Strip

17. Question: What projects need to be undertaken on the Arizona Strip to adequately manage this area? Please provide the committee with a list of these projects and the reasons why they will enhance the management activities of this significant resource. Also, please provide the committee with the funding requirements for each of these projects.

Answer: Within Bureauwide priorities and needs, the Arizona Strip has adequate funding to manage the Public Lands within the District. There are some special unique situations that may require additional funding, however, these must be evaluated in context with all Bureau priorities. They include:

1. Quail Hill Road - ongoing need. $1.5 million

Quail Hill Road is one of the primary access roads from St. George, Utah to the Arizona Strip. The condition of the south part of this road is poor; driving conditions are very dangerous. Estimates indicate that $1.5 million more will be needed to complete road construction and realignment.

2. Other Possible Construction Projects--Unfunded

Little Black Mountain Interpretive Site	$ 55,000
Virgin River Camp Ground Modernization	700,000
Administrative Sites	
Parashaunt	400,000
Paria Special Recreation Management Area	100,000
Pakoon	300,000
Poverty	85,000
Total Unfunded Construction	$3,140,000

The Bureau has not had the opportunity to evaluate these identified construction items within the Arizona Strip District against other programmatic and funding priorities.

18. Question: Is there sufficient funding in the FY 90 budget request to undertake these projects? What is the capability for FY 90 for these projects?

Answer: The Bureau considers that the 1990 budget has adequate funding to manage the Public Land resources within the Arizona Strip District. The needs for additional funding resources for the Arizona Strip District which were identified to the State Office and Headquarters Office in the budget development process were considered in the preparation of the BLM's FY 1990 Budget request. They will continue to be evaluated against all other Bureau priorities during the allocation of the final appropriation amount.

SUBCOMMITTEE RECESS

Chairman BYRD. The subcommittee will be in recess until 12:30 p.m., when we will hear testimony on the fiscal year 1990 budget request of the U.S. Forest Service.

[Whereupon, at 11:35 a.m., Monday, April 10, the subcommittee was recessed, to reconvene at 12:30 p.m., the same day.]

(AFTERNOON SESSION, 12:36 P.M., MONDAY, APRIL 10, 1989)

The subcommittee met at 12:36 p.m., in room SD–192, Dirksen Senate Office Building, Hon. Robert C. Byrd (chairman) presiding.

Present: Senators Byrd, Hatfield, Stevens, McClure, Cochran, and Adams.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATEMENTS OF:

GEORGE S. DUNLOP, ASSISTANT SECRETARY, DEPARTMENT OF AGRICULTURE

F. DALE ROBERTSON, CHIEF, FOREST SERVICE

ACCOMPANIED BY:

GEORGE M. LEONARD, ASSOCIATE CHIEF

JEFF M. SIRMON, DEPUTY CHIEF, PROGRAMS AND LEGISLATION

JAMES C. OVERBAY, DEPUTY CHIEF, NATIONAL FOREST SYSTEM

JERRY A. SESCO, DEPUTY CHIEF, RESEARCH

ALLAN J. WEST, DEPUTY CHIEF, STATE AND PRIVATE FORESTRY

WILLIAM L. RICE, DEPUTY CHIEF, ADMINISTRATION

DENNIS KAPLAN, CHIEF, BUDGET CONTROL AND ANALYSIS, DEPARTMENT OF AGRICULTURE

MICHAEL T. RAINS, AREA DIRECTOR, NORTHEASTERN AREA STATE AND PRIVATE FORESTRY

DENVER P. BURNS, DIRECTOR, NORTHEASTERN FOREST EXPERIMENT STATION

JIM PAGE, FOREST SUPERVISOR, MONONGAHELA NATIONAL FOREST

ALLAN T. BULLARD, PROGRAM MANAGER, APPALACHIAN INTEGRATED PEST MANAGEMENT PROGRAM

BUDGET REQUEST

Chairman BYRD. The subcommittee will come to order.

This is the time scheduled to hear testimony on the fiscal year 1990 budget for the Forest Service. The principal witness today will be the Chief of the Forest Service, Mr. F. Dale Robertson.

The fiscal year 1990 budget request for the Forest Service, in appropriated funds, is $1,690,441,000, which is a decrease of $154,570,000, or 8.3 percent below the level enacted by the Congress for fiscal year 1989.

For the research programs of the Forest Service, the fiscal year 1990 budget proposes $133,799,000, which is a decrease of $4,068,000, or 3 percent, from the fiscal year 1989 appropriation.

The State and private forestry program, which is responsible for forest pest management, fire protection, forest management and utilization projects, and other special projects, is requested at

$48,606,000. This is a decrease of $38,062,000, or 43.9 percent below the fiscal year 1989 enacted level of $86,668,000.

The fiscal year 1990 budget includes a request of $1,265,614,000 for the National Forest System appropriation account, which is the primary operating account for the 191 million acres of Federal land managed by the Forest Service. This request represents a decrease of $63,874,000, or 5 percent from the fiscal year 1989 enacted appropriation.

The budget request for construction is $221 million, a decrease of $4,518,000 from the fiscal year 1989 appropriation.

For land acquisition, the budget pending before the committee for the Forest Service is $5,554,000, a decrease of $58,651,000 from the level enacted last year. The committee is aware, however, that President Bush intends to request funding in fiscal year 1990 for land acquisition in the Interior bill at the same level as enacted by Congress last year. Details of that proposal, however, are not yet available, so we do not have a revised land acquisition request for the Forest Service.

PREPARED STATEMENTS

As is our custom, Mr. Robertson, your prepared statement will be inserted in the record at this point as if delivered in full.

[The statements follow:]

STATEMENT OF F. DALE ROBERTSON

Thank you for giving us the opportunity to discuss our 1990 budget with you.

FY 1990 Budget

The 1990 budget request for the Forest Service is $2.5 billion compared with $2.7 billion appropriated in 1989. At this funding level, we will continue to do high-priority research, protect Federal lands from fire and pests, and provide a balanced resource management program on the National Forests and Grasslands. Receipts from lands managed by the Forest Service are estimated at $1.7 billion, compared with $1.6 billion anticipated for 1989.

President Bush has proposed to fund land acquisition, financed by the Land and Water Conservation Fund, at the 1989 enacted level of $206 million for the Departments of Agriculture and Interior. The Forest Service share is subject to ongoing negotiations within the Administration concerning the priority of Forest Service versus Department of the Interior acquisitions.

As described by Assistant Secretary Dunlop, President Bush has proposed freezing aggregate spending on a number of domestic programs at their 1989 levels. The intent of the proposal is that the Administration and Congress reach agreement on the total. Until such an agreement is reached, the Forest Service budget, with the exception of land acquisition, is the budget submitted to Congress in January.

Forest Research

The budget request for Forest Research is $133.8 million, compared with $137.9 million appropriated in 1989. About 30 percent of the research budget is devoted to six priority areas: global climate change; catastrophic forest fires; water quality--cumulative effects from forests and rangelands; expanding economic opportunities through new wood products; southern forest productivity; and threatened, endangered, and sensitive plant and animal species. We will continue the challenge cost-share program, started by Congress in the 1989 appropriation. We include $500,000 within the regular Forest Research line items, rather than including this program as a separate budget line item.

State and Private Forestry

The budget request is $48.6 million, compared with $86.7 million appropriated in 1989. The primary emphasis will be on forest pest management on Federal lands; we propose $37.6 million, a $6.4 million increase over 1989. The budget will help implement the Forest Service's strategic plan for forest health, including special projects to improve pest management technology. The Forest Service is assuming responsibility for eradication of all isolated gypsy moth infestations on or adjacent to Federal lands, and for eradication of isolated infestations exceeding 640 acres on any private lands.

Except for the cooperative pest surveys and funding to Minnesota for intensive management associated with the Boundary Waters Canoe Area Wilderness, financial assistance to States would be discontinued. Also, the forest management and utilization program, including urban forestry, would be terminated.

National Forest System

Funding of $1.3 billion is proposed, about $100 million less than appropriated

in 1989, including $282 million for fire protection and suppression. The budget contains an important proposal, described in the Federal Wildland Firefighting section of my testimony, to change the way that fire protection is funded. This proposal will eliminate the need to transfer funds from other accounts for firefighting. To that end, I am happy to note that the budget does include a proposed supplemental of $250 million to partially reimburse the trust fund from which funds have been tranferred in recent years.

An additional $9.0 million derived from expanded recreation user charges will be available for recreation management activities.

We plan to offer 11.351 billion board feet of timber, compared to 11.505 billion board feet planned for 1989. We are requesting the budget resources to sustain 11.029 billion board feet into the future. Recent litigation involving the northern spotted owl is already affecting the 1989 timber sales program in the Pacific Northwest, and could seriously disrupt the 1990 program irrespective of appropriation levels.

Construction

Funding of $221.0 million is proposed for construction, compared to $225.5 million appropriated in 1989. The road construction and reconstruction program will emphasize access for timber sales. Included in the proposal is $1.5 million for challenge cost share road projects. Trail construction is about $2.1 million higher than the FY 1989 program.

The budget includes $17.0 million for facility construction, compared to $33.9 million appropriated in 1989. In addition to the $7.9 million for recreation construction, $7.5 million is proposed from Operation and Maintenance of Recreation Facilities for recreation rehabilitation or reconstruction, and is based on new legislation to expand user fees, soon to be submitted to Congress.

Federal Wildland Firefighting

Proposed legislation in FY 1990 will establish a permanent indefinite appropriation, financed from the general fund and offset by deposits of timber and onshore mineral receipts to the general fund, for fire protection and suppression activities. This will permit essential fire protection activities to be paid for without using funds provided for other purposes. Timber and mineral receipts, equal to estimated fire costs, would be deducted from total receipts prior to calculating State shares. In FY 1990, we estimate that timber and mineral receipt sharing payments will be reduced by about 18.4 percent.

Protection will continue to be set at a level consistent with other budget priorities each year. In 1990 we propose $173.1 million for fire protection. Emergency firefighting will continue to be whatever is required, but will be financed from the general fund of the Treasury, instead of transfers from accounts established for other purposes.

Challenge Cost-Share

We have had tremendous success with our challenge cost-share program, and are expanding it in our 1990 budget, from $6.5 million in 1989 to $13.5 million in 1990. In Forest Research we propose $500 thousand, the same as appropriated in 1989. We are increasing the program for recreation and wildlife. In recreation and trails we propose $5.5 million, compared to $3.0 million in 1989. In wildlife, we propose $6.0 million, compared to $3.0 million in 1989. We are expanding the concept to include road construction in 1990, at a level of $1.5 million.

Mr. Chairman, this concludes my remarks. I will be happy to answer any questions the Committee might have.

STATEMENT OF GEORGE S. DUNLOP

I welcome the opportunity to appear before you today to highlight the fiscal year 1990 budget for the Forest Service. I am accompanied by F. Dale Robertson, Chief, Forest Service; George M. Leonard, Associate Chief; Deputy Chiefs; the nine Forest Service Regional Foresters; and the Directors for Research and State and Private Forestry in the Northeastern United States.

Before Chief Robertson discusses the proposed Forest Service budget, I would like to explain briefly some of the policy issues addressed in the Administration's budget which affect the Forest Service.

The Budget Revision

President Bush submitted his budget revisions to the Congress on February 9. These revisions included 2 proposals which could have significant effects on the Forest Service program for FY 1990:

- The President proposed to increase the planned acquisition of recreation lands to $206 million in total for the Forest Service and the Department of the Interior. This matches the total appropriated for lands acquisition in FY 1989. The Forest Service share of the 1989 appropriation was $64 million. The allocation among the land management organizations for FY 1990 is being developed based on overall priorities among potential acquisitions.

- The remainder of the Forest Service budget is subject to the "flexible freeze" proposal. This proposal is intended to hold FY 1990 outlays for a number of discretionary programs to the FY 1989 outlay level of $136 billion. The distribution of the appropriation among the various programs and agencies is subject to negotiation with Congress.

The Budget Proposal

As I know you are aware, the overall fiscal situation has compelled a budget proposal which is below the amounts appropriated for FY 1989. While there is considerable flexibility to discuss shifting resources among Forest Service programs, we are not proposing to reallocate 1990 funding among USDA agencies.

The Administration sees a continuing need for deliberate reductions in government spending through better identification of priorities. Indeed, it is required if the deficit ceiling mandated by the Gramm-Rudman-Hollings Act is to be met. The FY 1990 budget authority for the Forest Service accomplishes this objective through a slight decrease in overall funding. Efforts have been made to address the wide array of program needs on National Forests, carry out priority research, and provide coordination with States.

Although the budget proposal for the National Forest System is less than the Agency's current program level, the budget continues a vigorous National Recreation Strategy, which we began last fiscal year, and requests $11.5 million for challenge cost share projects in wildlife, fisheries, and recreation. The timber sale offer level in the budget request is slightly less than the Forest Service is offering this year. The Agency's construction program will be slightly smaller, with road construction and reconstruction emphasizing access for timber sales. Funding includes $1.5 million for challenge cost share, expanding this successful concept to road construction by entering into partnerships with public and private entities.

The budget proposes a major improvement in funding forest fire protection. A

permanent indefinite appropriation would be established for fire protection, emergency suppression, and emergency rehabilitation of burned over lands. It would be financed from the general fund and offset by deposits of timber and on-shore mineral receipts to the general fund. The amount of the deposit would be deducted from total receipts prior to calculating the payments to be made to the States. This would provide an automatic, dependable appropriation for meeting our fundamental responsibilities for protecting public safety and valuable natural resources.

The 1990 program level for Forest Service research is also slightly smaller than this year's, but the program will be more tightly focused. The budget will continue the new research challenge cost-share program, and add emphasis to six priority research programs. In response to the urgent need to slow the rate of deforestation in the tropics and to increase benefits to the United States from foreign technology, the Forest Service will improve its international forestry program in FY 1990. Additional activities are planned in technical assistance to tropical countries, training, research, and scientific exchange. It is gratifying to see over 80 years of Forest Service expertise in land management research and application directed to forestry concerns on a more global scale.

Although the requested program level for the Forest Service's State and Private Forestry programs is significantly less than the 1989 program, the budget will boost the emphasis on forest pest management on Federal lands. The proposed increase in forest pest management will help implement the Agency's strategic plan for forest health, including special projects to improve pest management technology.

Increased Public Service

I would like to take a moment to commend the Congress for actions that will permit the Forest Service to improve efficiency and service to the public. First, the 1989 appropriation change from 1-year to 2-year fund availability is extremely important. This allows better project planning and implementation and flexibility to deal with the natural vagaries of fire and weather.

Second, the congressional support for the pilot project to simplify budget structure and to test reliance on output targets rather than detailed budget line items is very promising to the Forest Service. It has already provided the means to stretch lim ted Federal dollars and expand opportunities for increased public use and enjoyment of the lands managed by the Forest Service. The project can also simplify accounting and reduce the need to come back to the Congress for numerous minor adjustments among line items. This effort and the detailed timber sale cost accounting system will give the Congress and the Executive Branch a better basis for making funding decisions.

I believe it is important that the record show that the Forest Service has, over the past decade of budget restraint, achieved a record of significantly expanded public service. This has been done with employment 28 percent lower in FY 1988 than in FY 1979, and with funding 13 percent lower in real terms than in FY 1979. Actions taken to bring about this dramatic increase in efficiency include undertaking a number of special productivity studies, installing a modern computer system throughout the Forest Service, instituting the pilot project to provide greater flexibility in decision making with less reliance on redundant layers of middle-managers, and sharing administrative services among various organizations.

Closing

Before I turn this over to Chief Robertson, I would like to say that my years working with the Forest Service have been a pleasure. You and the Forest Service are engaged in important undertakings and purposes, and I trust that with your help, the Forest Service will continue to provide outstanding service to the Nation in the years ahead.

Thank you.

Chairman BYRD. And in the interest of time, I am going to submit my own opening remarks for the record so that we may proceed directly with the questions.

BUDGET REQUEST

Are there any changes to the fiscal year 1990 Forest Service budget contemplated by the new administration at this time?

Mr. ROBERTSON. The only change made to the budget since it has been submitted is that there will be some land acquisition dollars added to the budget.

Chairman BYRD. I had some discussions with Mr. Richard Darman, the Director of the Office of Management and Budget, several days ago. He indicated that each executive branch agency has the flexibility to revise its budget within the total submitted by President Reagan. That was the reason for the question as to whether or not you anticipated any changes.

Mr. ROBERTSON. No; there has been no change in the budget as a result of that.

RESEARCH BUDGET

Chairman BYRD. Forestry plays a very important role in the economy. We must continue, however, our efforts to achieve full benefits from the opportunities forestry presents. Many competing interests exist. We must help the individual landowner and timber operator to have available, as part of the decisionmaking process, all relevant information that will allow them to make an informed decision about the use of their land.

This type of information is important in protecting the natural resource value of our forested lands. So, the research that is ongoing in West Virginia has impacts that reach far beyond the laboratory roles.

I am committed to doing what I can to help West Virginia develop methods that will make it easier to convert the natural resource into something other than a raw material export. I believe that the research under way in West Virginia will help to improve the manufacture of products that have more added value. This will not only provide jobs but will benefit the State economy.

How much has the Forest Service included in the fiscal year 1990 budget for the research working units in West Virginia?

Mr. ROBERTSON. A total of $5.3 million.

Chairman BYRD. Would you break that down?

Mr. ROBERTSON. At Morgantown we have $2,274,000, at Parsons, $1,028,000, and at Princeton we have $2 million, for a total of about $5.3 million.

Chairman BYRD. How does this compare with the fiscal year 1989 enacted level?

Mr. ROBERTSON. It is $374,000 less than 1989.

Chairman BYRD. Each of the research units has incurred inflationary increases as well as increased costs associated with pay and retirement; is that correct?

Mr. ROBERTSON. Yes; our 1990 budget will be the same as 1989, less the $374,000. So, we would be absorbing an additional 4-percent inflation with that budget in West Virginia.

Chairman BYRD. What would be the actual effect on research programs due to the absorption of these inflationary increases?

Mr. ROBERTSON. Our plan is to absorb them within our existing budgets. We will keep the same number of permanent employees, so the 4-percent reduction will come out of what we call the operating budget, which covers travel, extramural research, and equipment. The end result of that would be less research, less support for our scientists.

Chairman BYRD. One of the research programs at Morgantown is that of doing work on the integration of timber management with other activities in the same forest. What is the status of this research effort?

Mr. ROBERTSON. I will have to ask Jerry Sesco, our deputy chief, about that one.

Chairman BYRD. All right.

Dr. SESCO. Mr. Chairman, I think you are speaking of the program of integrated management of the Allegheny hardwoods. That program is progressing well. It is headquartered in Parsons. There is a portion of that program in Morgantown.

Chairman BYRD. Can that work be accelerated?

Dr. SESCO. Yes; the work can be accelerated.

Chairman BYRD. What would you need to do to accelerate that work?

Dr. SESCO. At Morgantown we could accelerate it by $159,000. And at Parsons it would require about $450,000. With that we would acquire some additional staff.

Chairman BYRD. That is a lot of money. Can you tell us a little bit more about how you would use that amount of money in each of those?

Dr. SESCO. Acceleration of the program on integrated management of Appalachian Allegheny hardwoods would bring in work on amenity values, recreation, wildlife, and fisheries, which would allow us to enhance our timber harvest and at the same time protect these other resources. That is something that we have not completely folded into our research program. That is the reason we call it integrated management.

Chairman BYRD. What funding was available for this work in fiscal year 1988?

Dr. SESCO. In 1988 or 1989?

Chairman BYRD. In 1988.

Dr. SESCO. I am not sure for 1988. I can give you the figure for 1989.

Chairman BYRD. Can someone supply the figure for 1988? Can someone supply the figure for the committee as to what was available last year?

Mr. ROBERTSON. Our station director may be able to.

Mr. BURNS. The funding for that program has been stable in 1988 and in 1989, with the restoration of the 1988 funding that Congress provided in 1989.

Chairman BYRD. I will ask the question again: What funding was available, what funding was available for this work in fiscal year 1989?

Mr. BURNS. Just over $400,000 was identified for that.

Chairman BYRD. How much?

Mr. BURNS. About $420,000 to the integrated program.

Chairman BYRD. And fiscal 1989?

Mr. BURNS. The same amount.

Chairman BYRD. And fiscal year 1990?

Mr. BURNS. That would also be the same amount, sir.

Chairman BYRD. At the current level of funding, when would you anticipate that this information would be pulled together in a format useful to land managers?

Mr. BURNS. Some of the timber management information would be pulled together in a preliminary model which would allow land managers to make some decisions in 1991. The amenities and the wildlife side of it would not be available then.

Chairman BYRD. Can that effort be expedited?

Mr. BURNS. Yes, sir; it can be accelerated.

Chairman BYRD. By how much?

Mr. BURNS. As Dr. Sesco mentioned, the numbers would be $450,000 at Parsons, WV, $159,000 for the systems integration engineering unit at Morgantown.

Chairman BYRD. The watershed project at the Parsons laboratory received funding last year from the Environmental Protection Agency for a $700,000 3-year grant to participate in a study of the effects of acidification on watershed quality.

Are sufficient funds included in EPA's budget to support the scientists who have been doing that work?

Mr. BURNS. Yes, sir.

Chairman BYRD. Has participation in this EPA project hindered in any way the work of these scientists on the ongoing Forest Service watershed research effort?

Mr. BURNS. No; the research has been complementary. In fact, the grant is funding research in which we have a strong interest, but were otherwise unable to do.

Chairman BYRD. So, you are not suggesting any additional funds be provided for the scientists who work directly on the EPA project?

Mr. BURNS. We have sufficient staffing to carry out the EPA program plus the current program of Forest Service watershed research.

Chairman BYRD. Plus the focus on research on the effect that roads have on watersheds?

Mr. BURNS. We have had that line of research underway for a number of years. We are not doing cumulative-effects research, which would be the next area of interest for our research program.

Chairman BYRD. Do the scientists have the equipment necessary to carry out this research?

Mr. BURNS. They do have the necessary equipment. Some of it is borrowed. EPA has provided a carbon analyzer, and we have other equipment there at the laboratory.

Chairman BYRD. Do you have need for any additional equipment that would allow for carbon analysis?

Mr. BURNS. The carbon analysis machine, as I mentioned, is borrowed from EPA. It is not a state-of-the-art piece of equipment at all. We have other detection equipment we use for analyzing various elements in the water. Again, not up-to-date equipment, but we are using what we have.

Chairman BYRD. What would be the cost of replacing that equipment?

Mr. BURNS. The current cost for a carbon analyzer is $22,000. The equipment for analyzing elements is on the order of $90,000. It is called an atomic absorption spectraphotometer. The cost is about as big as the name.

Chairman BYRD. I was distracted momentarily. Did you state the cost of replacing the equipment?

Mr. BURNS. Yes, sir; I will repeat. The carbon analyzer, a modern carbon analyzer, would cost approximately $22,000.

GYPSY MOTH

Chairman BYRD. That is good enough. That's fine.

Let's turn our discussion now to gypsy moth suppression. The fiscal year 1990 budget request includes no funding for the Appalachian integrated pest management program. Last year, Congress provided $5,600,000 for this vitally important program. In fiscal year 1987, Congress provided $7 million for pest management, of which $4,435,000 was identified for the Appalachian integrated pest management program. So, in the last 3 years, Congress has provided over $10 million, and yet the administration asks nothing.

In addition to these funds, the administration has also reduced by $9,100,000 the funding avaiiable for pest surveys and technical assistance on non-Federal lands.

Furthermore, no funds are requested for insect and disease suppression on the non-Federal lands. This is a reduction of $5.6 million from what Congress appropriated last year.

The States cost-share in as much as 50 percent of these programs. So, it seems unfair and inappropriate for the administration to terminate abruptly a project like this that involves a funding partnership with the States. They are planning the program, and then the Federal funds dry up.

I intend to see that sufficient funds are made available to confront the gypsy moth head on.

Do the pests cease to be a problem in the forests just because the budget reduces or provides no funding?

Mr. ROBERTSON. No, sir.

Chairman BYRD. Last year, you told the committee that the gypsy moth research was a high priority and that the gypsy moth was one of the biggest threats to the forests in West Virginia. Yet the fiscal year 1990 budget proposes a reduction of $374,000 for gypsy moth research in Morgantown and another $101,000 at Hamden, CT.

What work will not be accomplished at Morgantown due to this proposed reduction?

Mr. ROBERTSON. Some extramural research was planned on the environmental effects of Dimilin, which is one of the more effective chemicals against the gypsy moth. And so we would have to drop that particular study.

Chairman BYRD. Would staffing be affected?

Mr. ROBERTSON. No; this was research to be done outside the Forest Service.

Chairman BYRD. Why is this research proposed for delay that you referred to, the effects of Dimilin?

Mr. ROBERTSON. It is a matter of the overall Forest Service research budget, which is about a 7-percent reduction. So, we had to sort through our priorities and decide where the reductions would come. And as part of our priority setting, we ended up with a $374,000 reduction in the gypsy moth. But I might add the 1989 budget had a million-dollar increase, so we are sustaining about three-fourths of that increase in 1989.

Chairman BYRD. What progress are you making in dealing with the advance of the gypsy moth?

Mr. ROBERTSON. Well, I think we are making some progress.

I guess I should ask Deputy Chief Sesco here to talk about the progress in the research, and then we can talk about the effects of the progress we are making under the Appalachian integrated pest management project.

Chairman BYRD. How many acres, let me ask you, in getting this started off, how many acres have been surveyed under AIPM and how many acres were treated in West Virginia last year under the State and private forestry pest suppression program?

Mr. ROBERTSON. In 1988, we sprayed 139,776 acres in West Virginia. And this year, in 1989, we are proposing 50,000 acres in the Appalachian IPM area and about 50,000 acres outside of that area in West Virginia.

Chairman BYRD. That is a considerable reduction.

Mr. ROBERTSON. Yes; we will end up spraying—well, actually about 30,000 acres of the AIPM area is in West Virginia. The remaining is in Virginia. We will end up spraying about 80,000 acres as planned compared to 139,000 acres last year.

Chairman BYRD. What was the cost to treat this acreage of 140,000?

Mr. ROBERTSON. I will ask the area director, Mike Rains, to answer that—excuse me, it is Mr. Bullard.

Mr. BULLARD. Would you repeat the question?

Chairman BYRD. What was the cost to treat the acreage of the 139,000 acres in West Virginia?

Mr. BULLARD. I don't have those figures at my fingertips.

Chairman BYRD. Somebody must have them. Somebody should know what the cost was.

Mr. ROBERTSON. We will have to get that for you, Mr. Chairman.

Chairman BYRD. Can someone make a phone call and get it?

Mr. ROBERTSON. Yes; we will.

Chairman BYRD. All right. Let's try that.

And why the reduction? What has been the extent of defoliation in West Virginia?

Mr. ROBERTSON. The defoliation last year was 59,250 acres.

Chairman BYRD. How does that compare with prior years?

Mr. ROBERTSON. That was a significant increase. In 1987, it was 12,490 acres.

Chairman BYRD. So, that is a 400-percent increase, five times as much?

Mr. ROBERTSON. Five times, yes.

Chairman BYRD. That is a 400-percent increase. Why the rationale for cutting back on the work?

Mr. ROBERTSON. We are doing all of the treatments that are necessary inside the Appalachian IPM area, and the situation outside of that is that we are required to have matching funds in West Virginia, and the State of West Virginia just does not have the matching funds for the Federal dollars. And that is the reason it is less than what is needed to prevent defoliation.

Chairman BYRD. I have a question: Is the State of West Virginia able to come up with the funding this year to match the Federal money in order to treat the necessary acreage? Do you want to answer that again?

Mr. ROBERTSON. No; they do not have it. In fact, the matching funds, as I understand it, in West Virginia, are coming from the landowners and not from the State.

Chairman BYRD. So, about how much money would you say the State would be able to secure this year for matching purposes? Do you have any idea?

Mr. ROBERTSON. We would have funding on the Federal side to match all of the requirements in West Virginia if the State could come up with their part.

Chairman BYRD. The requirements being?

Mr. ROBERTSON. Up to 50 percent matching.

Chairman BYRD. You have funding, you say, to match all of the requirements. What would that amount to if the State could come up with its matching moneys?

Mr. ROBERTSON. We are anticipating about 200,000 acres in total that require treatment, and we are treating about 80,000 of that. So, that would leave about 120,000 acres untreated, and we would have the funding to do our half of it if the State of West Virginia could come up with the remaining.

Chairman BYRD. And that would amount to what?

Mr. BULLARD. The difference would be about $1.2 million, about 50 percent of which would be a cost to West Virginia.

Chairman BYRD. Does your budget request any funding for insect and disease suppression on non-Federal lands?

Mr. ROBERTSON. Very little. There is a total of $1.7 million, and that is to handle isolated outbreaks of gypsy moths where we are trying to eradicate it and a few intermingled lands where we would be treating the Federal lands. If there was private land intermingled with that we would also treat that.

Chairman BYRD. How would these lands be treated if your budget requests no funding?

Mr. ROBERTSON. That would leave it up to State responsibilities and whatever arrangements the States could work out with the landowners would be what would get treated. I suspect it would be significantly less than if the Federal Government was financing 50 percent of it, as we are now doing.

Chairman BYRD. Has the necessary environmental work been completed for the AIPM to proceed with its work this year?

Mr. ROBERTSON. Yes, it has. In fact, we just completed the EIS, environmental impact statement, and the decision was made March 20, I believe. We are ready to go with treatments with all the necessary environmental analysis to back it up.

Chairman BYRD. What decisions have been made regarding the gypsy moth in wilderness areas and in national parks?

Mr. ROBERTSON. I will ask Mr. Bullard to answer that.

Mr. BULLARD. I am the program manager for the Appalachian IPM project.

In wilderness areas and in National Park Service lands, we will be using gypsy moth-specific tactics, such as male confusant techniques along with the possible use of the bacterial insecticide.

The only tactic that we will not use will be the chemical insecticide Dimilin.

Chairman BYRD. What is the extent of public involvement in this decisionmaking process?

Mr. BULLARD. The extent I think has been quite large. Over 3,000 original scoping letters were sent out at the start of the process. They were used to help develop the issues concerned and opportunities around which we formulated the environmental impact statement during the development of the EIS. And we published a draft EIS. That, of course, was mailed out to the same 3,000 recipients of the original scoping letters. Comments were received on the DEIS. They were incorporated into the development of the final EIS.

We worked very carefully and closely with the environmental interest groups and the Park Service in developing the wilderness treatment philosophies. All of these have been incorporated into the final EIS and are incorporated into the decision. So, I think it has been quite extensive.

Chairman BYRD. What would be the total area treated under AIPM this year?

Mr. BULLARD. Approximately 50,000 acres.

Chairman BYRD. Of which 32,000 would be in West Virginia?

Mr. BULLARD. Roughly 30,000.

Chairman BYRD. How does that compare with prior estimates?

Mr. BULLARD. We really have no prior estimates. We had no data prior to this year. The data were collected last fall. We anticipated a possible range of treatments for 1989 between about zero and the possibility of about 200,000 to 300,000 acres.

Chairman BYRD. Is the moth spreading as quickly as was anticipated?

Mr. BULLARD. Again that is hard to tell. We only had data for 1 year. We are continuing to work with our monitoring system, continuing to do the surveys that the monitoring system indicate are necessary. We really will not have an answer for that question until sometime later this year.

It appears as if the moth, between 1988 and 1989, has slowly progressed into the State despite the 140,000 acres or so we treated last year. That is what our surveys indicate where there is a need to treat approximately 30,000 acres in West Virginia, and we will treat those.

Chairman BYRD. Are you proceeding with the hiring of personnel, field personnel, necessary?

Mr. BULLARD. Yes; all of the personnel necessary for the project, as we see it, are hired except for the summer temporaries.

Chairman BYRD. How many have you hired?

Mr. BULLARD. A total of approximately 130.

Chairman BYRD. How many of these are in West Virginia?

Mr. BULLARD. About 46 State employees now.

Chairman BYRD. Do you have Federal employees in addition?

Mr. BULLARD. We have some Federal employees, too. Approximately 15 Federal employees.

Chairman BYRD. Where are these located?

Mr. BULLARD. Six are located in Morgantown, the group we call the program management unit. The other nine are located in Elkins. They are the field crew to cover and do the surveys on the Monongahela National Forest.

Chairman BYRD. Will the treatment areas focus on the recreational areas and the key tourist areas such as Spruce Knob and Seneca Rocks so that the areas with the most visitor use will be the least affected by the spread of the gypsy moth?

Mr. BULLARD. In the AIPM area we are planning work around the Spruce Knob area. That is the only population—well, there are two populations on the Monongahela. One is in the Spruce Knob area.

Chairman BYRD. You don't think there are other non-AIPM areas that need to be treated this year?

Mr. BULLARD. No; I believe there probably are, as the chief said before. Outside of AIPM there are a number of areas that probably should be treated, approximately 122,000 acres of defoliation is anticipated.

Chairman BYRD. Are these State and private forest lands?

Mr. BULLARD. For the most part, yes.

Mr. ROBERTSON. As we previously discussed, the State of West Virginia so far has not come up with any matching funds. So, any State-owned lands like parks would not be treated.

Chairman BYRD. What is the cost per acre for treatment? What has been your experience?

Mr. BULLARD. In West Virginia, it is somewhere between $8 and $10 an acre.

Chairman BYRD. What is it on the average elsewhere?

Mr. BULLARD. It is somewhat higher than that, approximately $12 an acre.

Chairman BYRD. Why the difference, would you say?

Mr. BULLARD. I think the major part of the difference is in the applicator that the State gets. The major cost of the suppression project is the cost of application. There are a number of factors, of course, that affect that.

One of the things that has kept the cost in West Virginia down has been the use of large spray blocks enabling them to use large airplanes. This tends to keep the costs down.

TIMBER BRIDGES

Chairman BYRD. Last year—let's talk a little bit about the hardwood timber bridges—last year, the Congress provided $3,350,000 for a hardwood timber bridge initiative. In addition to research, administrative, and technology transfer funds, $2 million was provided for demonstration bridges. The fiscal year 1990 budget includes only $288,000 to continue this initiative. Those funds are dedicated for timber bridge design and performance research at the forest products laboratory in Madison, WI.

What has been the response to the demonstration bridge program?

Mr. ROBERTSON. Well, it has been very good. To my knowledge, we have funding for about 66 demonstration bridges that we are cost-sharing from last year's appropriation, and I believe we have applications and approval for practically all of those now.

Chairman BYRD. So, the applications are keeping up with the available funding?

Mr. ROBERTSON. Yes.

Chairman BYRD. For the West Virginia demonstration bridges, how many applications were submitted and how many bridges chosen?

Mr. ROBERTSON. The person who has got that answer, Mr. Chairman, is out on the phone getting information for your previous question. [Laughter.]

Mr. ROBERTSON. Maybe we can go relieve him on the phone.

Chairman BYRD. For the non-West Virginia demonstration bridges—he does not have to get that on the phone, does he—how many applications were received and how many funded?

Mr. ROBERTSON. We had funding for 33 bridges inside West Virginia and 33 outside of West Virginia. And so we have, as of right now, all 33 proposals approved in West Virginia, and we have another 20 or so approved outside of West Virginia. So that would put us somewhere around 70 to 80 proposals from outside West Virginia. We only have funding for 66. I don't have the information how that split down between West Virginia and other States.

So, the response has been well over the available funding that we have to finance one-half the cost of these bridges.

Chairman BYRD. Are the States contributing toward the cost of the demonstration bridges?

Mr. ROBERTSON. Yes; this is on a cost-shared basis. We finance up to one-half of it and then States or whoever, mainly States or counties or governments, finance the balance.

Chairman BYRD. It is on a 1-to-1 basis?

Mr. ROBERTSON. Yes.

Chairman BYRD. Is that true in every State?

Mr. ROBERTSON. Yes; it is, although several proposals are well over matched.

Chairman BYRD. How much have the States contributed?

Mr. ROBERTSON. I now have Mike Rains with me, the area director who is responsible for the timber bridges, and I would like for him to answer that question.

Chairman BYRD. All right.

Mr. RAINS. May I have that question repeated, please?

Chairman BYRD. The question was: For West Virginia, I asked for the number of applications received and the number of applications funded for West Virginia demonstration bridges and also for non-West Virginia demonstration bridges. The chief supplied the information on West Virginia, and I believe they have almost completed the other information.

Mr. ROBERTSON. I believe it was the information on all bridges but I didn't have it split out between West Virginia and other States.

Chairman BYRD. Do you want to add anything to that?

Mr. RAINS. Basically, there have been about 77 to 80 bridges that will be funded. Thirty-three of those will be in West Virginia and the rest will be in the other States. We will eventually have spent $2 million on the total Federal share. And on the average, all of the other States are putting up about twice as much as that.

So, for every $1 of the Federal share, the States are putting up about $2. So, when we spend about $2 million total with demonstration bridges, there will be a total of about $6 million spent entirely.

Chairman BYRD. Do these bridges offer a viable alternative to traditional steel and concrete structures?

Mr. RAINS. Yes.

Chairman BYRD. Especially on rural roads and roads with less traffic and lighter loads?

Mr. RAINS. Yes; they do. They tend to have an average life that is a little longer. They tend to be about 20 to 40 percent less costly. They tend to look good, and they can match in terms of structural strength and ease to construct.

Chairman BYRD. I believe the earlier question was what was the cost and the acreage for treatment of the gypsy moth in West Virginia?

Mr. RAINS. In 1988, we treated about 139,140 acres in West Virginia at a Federal cost of about $530,000. In 1989, we are planning on, outside of the AIPM area, treating about 50,000 acres, as the chief has said, for about a $210,000 Federal share.

Chairman BYRD. And the State provided an equal number of dollars?

Mr. RAINS. That is correct.

Chairman BYRD. Now, Chief, you have indicated that the bridges do offer a viable alternative to traditional steel and concrete structures, especially in the rural areas and where the loads are lighter and the traffic is less.

Why then has the Forest Service zeroed out this program?

Mr. ROBERTSON. I think, Mr. Chairman, if you look at the whole State and private forestry budget, you will see that all cost-sharing money has been eliminated and the bridges got caught up in that elimination of cost-share money with State and local governments.

So, we didn't discriminate against the bridges, it just got caught in the much bigger philosophy of this budget.

Chairman BYRD. What is the philosophy of the budget?

Mr. ROBERTSON. Well, that the States and private landowners and local governments should finance forestry practices on private land. And as I mentioned, the bridges got caught up in this as well.

Chairman BYRD. Aren't the bridges cheaper than the steel and concrete structures?

Mr. ROBERTSON. Yes; we believe that wood bridges are anywhere from two-thirds to three-fourths the cost of a steel or concrete bridge.

Chairman BYRD. Two-thirds to three-fourths?

Mr. ROBERTSON. Yes.

Chairman BYRD. What has been the experience to date with the installation of these bridges?

Mr. ROBERTSON. It has been very good. But I will let Mike Rains discuss that.

Mr. RAINS. We have had an overwhelming success. We have had about 100 applicants. We are going to fund one or more bridges in 30 different States. It has shown that traditionally underutilized wood can be marketed effectively. It looks like, with the funding that was provided in 1989, we will be able to get a good start in showing that a timber bridge can be a good market for wood products.

Chairman BYRD. What kind of an impact does this have on jobs?

Mr. RAINS. It has a very positive impact. Timber bridges tend to use wood, a renewable resource, that can be cut and sawed in the local area. With minimal training you can have people construct the bridge. Usually, a typical bridge might take as much as 45 days to construct versus maybe 4 or 5 months for a concrete and steel.

So, the training tends to be less and thus we can utilize a wide range of local people to help us do that.

Chairman BYRD. A typical modern two-lane bridge which is 50 feet long, I am advised, requires over 30,000 board feet of treated lumber for the deck and another 10,000 to 20,000 board feet for guard rails, approach rails, and abutments. This is the same amount of lumber that would be used to construct five average-size single-family homes.

Is that an accurate statement?

Mr. RAINS. Yes; that is pretty close.

Chairman BYRD. How many timber bridges will the Forest Service build in fiscal year 1989?

Mr. RAINS. Through the demonstration program on State lands, we are planning to construct approximately 77. I am unsure about how much will be constructed on Federal lands.

Mr. ROBERTSON. I don't have that figure either, Mr. Chairman, but we will get that for you.

Chairman BYRD. Can you go to the telephone to get that? I am interested in this timber bridge program. I have questions. Questions answered in writing are OK, but sometimes they are much better if they are answered on the record at the time.

What would have been the cost if these bridges had been constructed using the traditional steel and concrete? And this is an example. I have asked what would be the cost of constructing these timber bridges. You say you don't know.

Well, then my next question follows: What would have been the cost of these bridges if they had been constructed using the traditional steel and concrete? Perhaps you can answer that, but we don't have the comparison without the answer to the first question.

Can you tell me what the cost would be of the bridges if they had been constructed using the traditional steel and concrete?

Mr. RAINS. A typical concrete and steel bridge will run anywhere from—the chief said approximately as much as three-quarters, and that is true on some selected bridges, but the traditional figure is about 40 percent more. In other words, wood bridges cost 40 percent less.

Now, we have spent on State lands through the demonstration program approximately $6 million. We will have spent $6 million this year. So, a typical concrete and steel then would approach $10 million.

Chairman BYRD. What are your plans for fiscal year 1990 regarding the use of timber bridges in the national forest system road network?

Mr. ROBERTSON. We have provided all of the technology and information that we have on constructing wood bridges. We have given that to all of our field people, and especially our engineering folks that work on bridges, and encouraged them to use wood bridges wherever it is possible to use them.

TIMBER BRIDGE RESOURCE CENTER

Chairman BYRD. How many persons are employed at the timber bridge resource center in Morgantown?

Mr. RAINS. We have currently three on board, with plans to add one more.

Chairman BYRD. Why is there no funding in the fiscal year 1990 budget to continue this center?

Mr. ROBERTSON. Well, it is the same, Mr. Chairman. It may not be a very good answer, but it is the same answer that I gave you a few minutes ago, which was that this budget just does not include funding to cost-share any money on private land or State and local government land.

Chairman BYRD. What funding is required to continue the funding of the center in fiscal year 1990?

Mr. ROBERTSON. That would be about $650,000 for—no, $700,000.

Chairman BYRD. To continue operation of the center?

Mr. ROBERTSON. That is the center plus the technical assistance and the outreach efforts, working with State and local government and Forest Service and other land managers to encourage them and help them build and design—design and build more wood bridges throughout the United States. It also talks about or includes money for conferences and workshops. Basically, wood bridges is a tremendous idea and concept. It works. They last longer. They are cheaper. And they look better.

But we have to work with the engineering organizations and road organizations throughout the United States to get their familiarity and acceptance of wood bridges. So, this $700,000 would include an outreach technical assistance program throughout the United States.

Chairman BYRD. To continue the operation of the center itself, aside from the other elements that you have described, what funding would be required?

Mr. ROBERTSON. That would just be $250,000 to run the center, and then again the information needs to effectively use the center, that would be another $150,000. We are talking about a $400,000 price tag to effectively run that center.

Chairman BYRD. What would happen to the timber bridge program if the center is eliminated?

Mr. ROBERTSON. Well, there would not be nearly as much emphasis or priority put on timber bridges. We would continue to push wood bridges on the national forests, but what would happen is probably a person, one person at the national level or area level would pick this up as part of their job. And so, rather than four people doing it, you would probably end up with half of a person,

one person working throughout, working on the timber bridges for the whole Forest Service.

Chairman BYRD. In other words, the effort would, in considerable measure, dissolve. There would be no contact resource person for interested parties to deal with, particularly in State and local governments and highway engineers?

Mr. ROBERTSON. We would lose the basic concept of this timber bridge information resource center.

Chairman BYRD. What is the logic, Chief, in creating a resource center 1 year, informing people of its existence, focusing attention on another use for underutilized hardwoods, and then dropping the project cold the next year?

Mr. ROBERTSON. Not much logic to that.

Chairman BYRD. Does that fit into the philosophy that you have been talking about?

Mr. ROBERTSON. Well, it——

Chairman BYRD. That is at the basis of these cuts?

Mr. ROBERTSON. Well, yes; it does. It would just have to be picked up by State and local governments or maybe the timber industry. There are several timber organizations, like National Forest Products Association, that are involved in this. So, some of those outside associations would have to pick it up.

Chairman BYRD. I am concerned about this up-and-down pattern of the Federal budget, particularly as it affects projects where we have non-Federal cooperators who are willing to contribute funds to stretch the Federal dollar even further.

These are prudent investments, and I intend to restore the funding to continue this cooperative timber bridge program.

How will the lessons learned in the timber bridge construction phase be passed on to the benefit of future bridge builders?

Mr. RAINS. We have, as one of the current emphases of the information center, to staff up to show some basic ways to build bridges to utilize the wood resource. If the information center was going to continue we would plan to develop an information base and conference facilities and have an effective technical assistance program through State foresters through each of the utilization specialists. That would be the primary delivery system.

TIMBER BRIDGES

Chairman BYRD. I see the value of the center, and I expect that you do, too. And you have indicated this in your testimony. As I have already stated, I intend to see that there is adequate funding to continue the timber bridge initiative. Timber bridges offer an alternative, as we have said, to steel and concrete bridges.

According to the Federal Highway Administration, there are approximately 271,000 obsolete and structurally deficient bridges in the United States. Of the 3,400 bridges in the Federal highway inventory for West Virginia, approximately 1,600, or 47 percent, are categorized as deficient or obsolete.

I repeat what I said a moment ago, namely, a typical modern two-lane bridge which is 50 feet long requires over 30,000 board feet of treated lumber for the deck and another 10,000 to 20,000 board feet for the guard rails, approach rails, and abutments.

Chief, I believe you agreed that this is the same amount of lumber which would be used to construct five average-size single-family homes.

Mr. ROBERTSON. Yes.

MONONGAHELA NATIONAL FOREST BUDGET

Chairman BYRD. So, as we can all see, these bridges do offer a viable alternative to steel and concrete bridges and they open up a new market for underutilized hardwoods.

The Monongahela National Forest provides a valuable recreation and natural resource for the people of West Virginia. It provides an important economic resource as well. You have visited the forest, and you have talked, and we have both agreed that it is a very special place.

Mr. ROBERTSON. Yes.

Chairman BYRD. I intend to do what I can to ensure that the Monongahela National Forest meets the needs of the citizens of West Virginia while protecting the special characteristics.

What is the funding included in the fiscal year 1990 budget for the Monongahela?

Mr. ROBERTSON. I will ask Forest Supervisor Jim Page to join me. It is five-point-something million, but he will have the exact figure.

Mr. PAGE. I don't know that I do.

Mr. ROBERTSON. I believe it is about $5.5 million, Mr. Chairman, as I recall.

Chairman BYRD. Are we going to take the figures in President Reagan's budget?

Mr. ROBERTSON. It is $5.4 million.

Chairman BYRD. And the allocation for the Monongahela is $5.4 million?

Mr. ROBERTSON. Yes.

Chairman BYRD. How does this compare with fiscal year 1989?

Mr. ROBERTSON. That is $7.6 million. Now, this is total national forest system money, and it does not include the construction funds. And if you include the construction funds, the 1990 is $6.9 million. In 1989 it was $11.3 million.

Chairman BYRD. $6.881 million for fiscal year 1990 and $11.299 million for——

Mr. ROBERTSON. For 1989.

Chairman BYRD. Last year. So, that would be a reduction of how much?

Mr. ROBERTSON. About $4.5 million.

Chairman BYRD. How does this compare to the recommendations contained in the forest management plan?

Mr. ROBERTSON. It is about 60 percent of the forest management plan.

Chairman BYRD. Are there specific activities on the forest that are funded significantly more than 40 percent below what the plan envisioned?

Mr. ROBERTSON. Yes; I have the percentage here by line item if you would like for me to go through it.

For example, minerals management is 49 percent; land exchange, 15 percent; land location, 65 percent. And if you go through all of the items, the average is about 60 percent.

Chairman BYRD. All right. If you would just supply that for the record, then, Chief.

Mr. ROBERTSON. OK. I would be happy to do that.

[The information follows:]

COMPARISON OF FISCAL YEAR 1990 PRESIDENT'S BUDGET TO FOREST PLANS—WEST VIRGINIA

[Dollars in thousands]

Budget line item	Fiscal year 1990 President	Fiscal year 1990 forest plan	Percent of forest plan
Minerals management	$171	$350	48.9
Real estate management	52	341	15.2
Landline location	230	352	65.3
Maintenance of facilities	46	114	40.4
Forest fire protection	175	214	81.8
Cooperative law enforcement	74	216	34.3
Forest road maintenance	749	1,284	58.3
Forest trail maintenance	101	208	48.6
Total, sales administrative/management	886	946	93.7
Reforestation/standard improvement	125	239	52.3
Recreation management	863	1,301	66.3
Wilderness management	43	149	28.9
Cultural resource management	75	106	70.8
Wildlife fish habitat	391	567	69.0
Range management	43	129	33.3
Soil, water, air management	181	415	43.6
General administration	1,116	1,429	78.1
Total national forest system	5,321	8,360	63.6
Construction of FA&O		284	
Recreation use area construction		313	
Forest road construction/reconstruction	1,005	1,968	51.0
Trail construction	155	173	89.6
Forest roads purchase construction			
Total construction	1,160	2,738	42.4
Land acquistion (L&WCF)	118	217	54.4
Acquisition of lands—special acts			
Acquisition of lands to commercial exchange			
Range betterment fund			
Total appropriated	6,599	11,315	58.3
Expenses, brush disposal			
Timber roads construction by Forest Service			
Timber salvage sales	17	15	113.3
Total permanent appropriation	17	15	113.3
Total KV	209	176	118.7
CWFS—other	56	58	96.6
Total cooperative work	265	234	113.2
Total regular Forest Service	6,881	11,564	59.5

MONONGAHELA NATIONAL FOREST

Chairman BYRD. What is the average ratio of budget to plan for other forests? How does the Monongahela compare to the national average?

Mr. ROBERTSON. The national average is 70 percent.

Chairman BYRD. And the Monongahela?

Mr. ROBERTSON. Came out 60 percent in the allocation of the 1990 budget.

Chairman BYRD. Why is the Monongahela below the national average?

Mr. ROBERTSON. Mr. Chairman, I don't have a good answer to that. I was unaware of it until a few days ago.

The regional forester and I have talked about it, and we are either going to give you a better answer or the Monongahela is going to be up to the national average of the other national forests.

Chairman BYRD. Very well. Let's bring it up to the national average or above. [Laughter.]

At least no one can quarrel with us if it is at least the national average. It is one of the better-paying forests, isn't it?

Mr. ROBERTSON. Yes; for example, the timber, it makes money. And of course, it has heavy recreation use and stimulates the tourism industry, recreation industry. It is a very good multiple-use-oriented forest.

SENECA ROCKS VISITOR CENTER

Chairman BYRD. The flood in November 1985 devastated parts of West Virginia within the Forest Service. The Parsons watershed and timber management laboratory, the chief ranger district office and the area around Seneca Rocks were hit particularly hard. There was emergency funding. With a great deal of dedication and hard work, the facilities are up and going. The visitors center and campground at Seneca Rocks are examples.

What has been the visitation at Seneca Rocks Visitors Center both prior to and since the 1985 flood?

Mr. ROBERTSON. I will ask Supervisor Page to respond to that.

Mr. PAGE. Mr. Chairman, 1985, the visitation at the Seneca Rocks Visitors Center was a little over 83,000. It was partially closed in 1986. And then in 1987, it was open for part of the year. Visitation then was a little over 74,000, and in 1988, we had a record year there of nearly 123,000 visitors.

Chairman BYRD. Were the facilities able to respond to this increase?

Mr. PAGE. Not very well, sir. We have got a problem with our parking there at the Seneca Rocks Visitors Center now, and we don't have enough parking on the weekends. Also the auditorium and the visitors center is too small to accommodate the crowds that now come.

Chairman BYRD. What would it cost to bring up the facilities to meet the needs?

Mr. PAGE. We estimate that a large parking area there at Seneca Rocks, would cost approximately $86,000.

Chairman BYRD. How long would it take to provide that parking?

Mr. PAGE. We could do it in a matter of months.

Chairman BYRD. Is that money budgeted?

Mr. PAGE. No, sir.

Chairman BYRD. What months of the year is the center open, and what are the hours of operation?

Mr. PAGE. The Seneca Rocks Visitors Center is open on a varied schedule. Memorial Day through Labor Day it is open 7 days a week 9 to 5. And then May, September, and October it is open 5 days a week, it is closed right in the middle of the week, and it is open 9 to 5 and the rest of the year it is open on weekends only, 9 to 5.

Chairman BYRD. Weekends being Saturdays and Sundays?

Mr. PAGE. Yes, sir.

Chairman BYRD. Has the Service considered longer operating hours during the summer months to cater to those who are visiting the area, particularly the campers and climbers?

Mr. PAGE. Yes, sir; we have. And also, one can make a real point with the development of the skiing industry in West Virginia, there are a lot of people coming from the Virginia and D.C. area that come by Seneca Rocks, and you can make a good point of keeping it open more hours during the winter.

Chairman BYRD. What would be the additional cost necessary to keep the center open until 9 p.m. during the summer months?

Mr. PAGE. We have come up with—we have looked at some various alternatives, but one of the best alternatives, we feel, for operating the center is that we keep it open until 9 during the summertime and more days in the winter. It would cost approximately $265,000. Now, that would enable us to increase our professional staff at the center there too.

Chairman BYRD. A good number of people pass by the center in the winter on their way to ski. Is the area capable of being open 12 months of the year?

Mr. PAGE. Yes; it is.

Chairman BYRD. What would be the operating costs associated with keeping it open all year?

Mr. PAGE. The figure I just gave you would enable us to have it open virtually for 349 days out of the year.

Chairman BYRD. As people pass through there on their way to Canaan Valley and other points and more and more tour buses are visiting the center.

I believe you indicated that you do not have sufficient parking.

Mr. PAGE. That is correct, sir.

Chairman BYRD. Bus tours in particular are straining the theater capacity.

Mr. PAGE. Yes, sir.

Chairman BYRD. What modifications could be made to the theater and at what cost to meet the expanded needs?

Mr. PAGE. We perceive that we could knock out the back of the present theater and just enlarge it backward and then we would just move it backward and increase it to where we could handle the tour groups and so forth.

And we have not priced that out exactly, but our best estimate would be a little over $400,000.

Chairman BYRD. And over how long a period would it take to install that?

Mr. PAGE. We could make that happen within a year or so.

CRANBERRY MOUNTAIN VISITOR CENTER

Chairman BYRD. Within a year. And it would include this plan.

How much is in the Forest Service budget for the operation of the Cranberry Mountain Visitors Center?

Mr. PAGE. The Cranberry center this year has an operation budget of $72,000. The Seneca Rocks has an operating budget of $96,000.

Chairman BYRD. During what months is the Cranberry Center closed?

Mr. PAGE. The Cranberry Center basically opens—it runs 7 days a week from Memorial Day to Labor Day, 9 to 5, May 30 through September 30, and it runs on weekends 9 to 5, October 1 to the 28. Generally, it is open 7 days a week 9 to 5. During the hunting season it is open weekends only 9 to 5. It is generally closed December 10 through January 5. January 6 through April 1 it is open on the weekends, if there is snow, for cross-country skiing. And then on April 28 we open again for Memorial Day, 9 to 5.

Chairman BYRD. Do volunteers play any role in staffing the center?

Mr. PAGE. Yes, sir; they do, and they play an especially important role at the Seneca Rocks visitors center. We have some outstanding volunteers and they play a very significant role there.

Chairman BYRD. How much time do they contribute?

Mr. PAGE. I don't have those figures. I could get it for you.

Chairman BYRD. All right. If you would.

SENECA ROCKS VISITOR CENTER

At the Seneca Rocks Visitor Center we have two volunteers who together, have contributed 0.7 FTE's in the past year. In addition, we had four Senior Community Service Employment Program people who contributed a combined 2.3 FTE's in the past year. This makes a total of 3 FTE's.

Chairman BYRD. And do they play any role at all at the Cranberry center?

Mr. PAGE. Yes, sir; they do. And I can't say why exactly they play a lesser role there, but the volunteers at the Seneca Rocks, they stand out in my mind as being outstanding people who do an outstanding job.

Chairman BYRD. All right.

Senator McClure.

Senator MCCLURE. Thank you, Mr. Chairman.

TIMBER BRIDGES

Mr. ROBERTSON. Mr. Chairman, I can answer the one question. It was the number of bridges on national forests. In fiscal year 1988, we built 44 timber bridges on roads and 122 bridges on trails. In fiscal year 1989, we are planning to build 72 timber bridges on roads and 126 timber bridges on trails.

So, if you want to look at the proportion or percentage of timber in 1989, it will be 51 percent of the bridges we build in the national forests will be timber bridges.

Chairman BYRD. We ought to work together and see how we can maximize this effort.

Are you helping with the restoration of the old covered bridge at Phillipi in West Virginia?

Mr. PAGE. Yes, sir; we are. We put together a group to see what assistance we could have with that project. We have met with the folks up there a number of times and have a number of efforts through the national forest system, research, in State and private, to help with that project.

Chairman BYRD. How is that project moving along?

Mr. PAGE. It is moving along pretty good, sir. They have an awful lot of work there, but they have an awful lot of community development, a lot of support through the West Virginia Forestry Association and various groups and so forth. I think we will get it done.

Chairman BYRD. How much of that bridge was destroyed?

Mr. PAGE. Virtually all the covering was destroyed. The main timbers were charred to various depths. But they pretty well stayed intact. Almost all of the covering was gone.

Chairman BYRD. Would you say one-third of the covering remained, or a fourth?

Mr. PAGE. Maybe a fourth of it. But it was awful charred, and I suspect we will have to tear it off too to start over.

Chairman BYRD. And the rest of the bridge, in the main, was it salvaged?

Mr. PAGE. Yes, sir; in fact, there is traffic going over it right now.

Chairman BYRD. Senator McClure.

Senator MCCLURE. Mr. Chairman, Senator Adams has indicated that he has less than 10 minutes he would require. I wonder if we could permit him to go first?

Chairman BYRD. Very well. That is very nice of you, Senator McClure.

Senator Adams.

TIMBER VOLUME—PACIFIC NORTHWEST

Senator ADAMS. Thank you, Mr. Chairman.

And thank you, Senator McClure, very much. I appreciate that. It is very helpful.

Gentlemen, I have just returned from an extended tour of the Olympic Peninsula. We have a very severe problem with the allocation of timber from our Federal forests there. Many of our local mills in the area are completely dependent on Federal timber. We have to solve this problem or mills will simply go out of business.

I have three related questions here that I want to ask of you, and if you wish to follow up with written material, I would appreciate it.

First, assuming there will be an overall decrease in timber sales quantities in the Pacific Northwest, what can the Forest Service do to ease the impact on Washington State communities in the short term and then, to a lesser degree, in the longer term? Could you give me an answer to that?

Mr. ROBERTSON. Senator Adams, I have Regional Forester Jim Torrence from the Pacific Northwest. He has been working on that problem. So, if I could ask him to come up and respond to that question.

Senator ADAMS. If he would, please.

Mr. TORRENCE. Senator, we are well aware of the problem there and have been meeting with a number of people in your State to see what we might do to alleviate some of the problems there.

We have some of the initial measures in mind, but we have not fully explored all of that yet. Some of it I would like to provide for the record. Some of it, with respect to adding timber sales to the program, we do have a little bit of a handle on.

In 1989, we can probably only increase our program on the Olympic by 11 million board feet. However, that is 11 million board feet that someone is likely to also take issue with.

We can increase the program by 19 million board feet, and that would give a total program in 1989 on the peninsula of 124 million board feet. In 1991, 129 million board feet.

Senator ADAMS. All right.

How much can the Forest Service—and this ties to your prior question—expedite sales in Washington State to assist in solving the short-term impacts resulting from the recent timber sale cutbacks? I would particularly appreciate some specific statistics regarding the information about the Olympic Peninsula, and I will give you the figures that I was given during my latest visit.

There was a reduction in sales from 110 million board feet last year to 42 million board feet this year. The allowable cut for 1988 was 110 million board feet. The cut was reduced to 92 million board feet as a result of the forest plan. Then it was reduced to 42 million board feet because of the spotted owl set-asides.

The Grays Harbor folks say they can live with 92 million board feet, but not with 42 million board feet.

Now, does the Forest Service budget include funds to help expedite sales in the State? If not, what funds are needed to facilitate that process?

Mr. TORRENCE. Those numbers are correct, and we had no capability to substitute sales for those that were precluded from offering because of the spotted owl.

Senator ADAMS. Would additional roads help that much?

Mr. TORRENCE. It is not a situation where you can directly say increased roads or increased dollars are going to help that. You've got a situation where we are staying out of the areas for spotted owl reasons, and there are no other areas that we can go into without having environmental impacts that are unsatisfactory.

SPOTTED OWL

Senator ADAMS. Our immediate goal is to produce an available harvest for these 2 years to get our mills through this as we are doing the long-term planning. However, I think that the various factors impacting the harvest must be put in perspective.

But here is my specific question, and I would be very happy to have the regional forester answer it.

A lot of attention and blame is focused on the spotted owl in the State of Washington. However, there are other factors which are causing the Forest Service to reduce its total timber sales.

Would you put these factors in perspective by listing the percentage of reductions in Washington State resulting from the spotted owl set-asides recommended by the Forest Service, general revisions in the allowed sales quantities resulting from the forest plans and other factors?

One of the specific factors, so that I give you an example of what I am talking about that I would like to have you address, is the President's proposal to reduce the Forest Service budget by $22 million.

Now, that proposal would result in a 5-percent cut in the Forest Service budget, and yet I am told that the volume of sales will be reduced by over 15 percent as a result of these cuts.

Would you explain why a 5-percent cut would result in a 15-percent decrease in the amount of timber available for sales?

Mr. TORRENCE. The region's fiscal year 1990 timber sale program, I believe, in the present proposed budget that we are considering today, is about 4.8 billion board feet, which is very close to our historic level sale offerings.

The problem on the Olympic is the set-asides or the areas that we are allocating for spotted owl habitat which causes a reduction up there.

Senator ADAMS. The purpose of my question is this: It is my understanding that only 201,000 acres in Washington will be taken out of timber base as a result of the spotted owl proposal. Further reductions result from other factors.

Mr. Chairman and Senator McClure, what I am really trying to determine here is what factors are responsible for the cuts in timber harvest. For example, the spotted owl, general forest plan reductions, and the decrease in the Forest Service budget.

Mr. ROBERTSON. I think it is a combination of all of those factors, Senator Adams. The basic problem is the spotted owl. And what we have decided to set aside as part of our spotted owl plan which reduces the timber sale program on the Olympic.

Now, taking that, we also, because of appeals and lawsuits and other things that have drained the pipeline of timber sales in the Forest Service, we have a funding problem in keeping up with the expanded costs of putting up timber sales because of all of these other factors.

So, there are two factors at play here, but the spotted owl is the basic one that we are having a lot of difficulty working around. As you know, right now we are in court and we have a judge's decision which is a preliminary injunction against all timber sales with spotted owl habitat in Oregon and Washington.

TIMBER PIPELINE

Senator ADAMS. Well, I would simply, Mr. Chairman, give the Forest Service this chart. I would like an answer, in writing, which would explain the impact of the decrease in pipeline investments as proposed by the President.

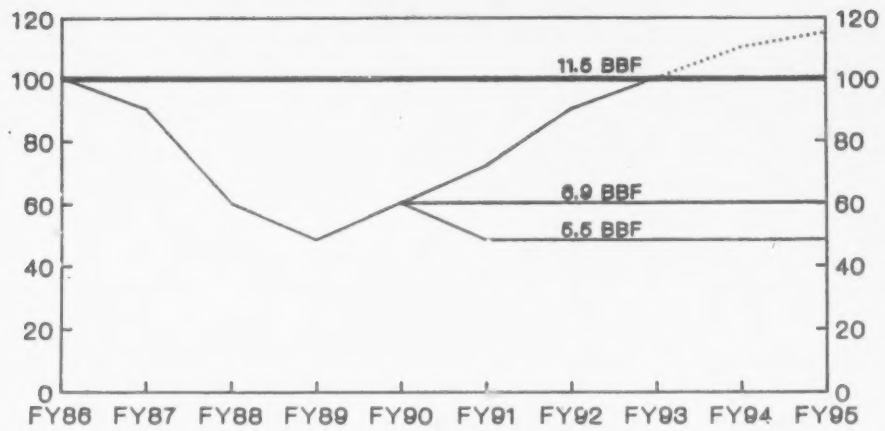
This chart indicates to me that the reduction in the budget is producing a significant impact, so that we cannot blame it all on the spotted owl. I ask unanimous consent, Mr. Chairman, that this chart be given to the witnesses and that they reply to us about the percentages.

Senator MCCLURE [presiding]. They will have them.

[The information follows:]

PIPELINE INVESTMENTS

PERCENT OF VOLUME COMPLETED THRU FIELD WORK



The $70 MM is in addition to the $22 MM added to maintain the FY89 gains from excess receipts. It could be allocated at a rate of $35 MM for 2 years to reach the goal in 3 years (by the start of FY93).

The Forest Service will begin FY 1990 with about 60 percent of the pipeline volume. The pipeline should have 100 percent of the coming years sales program fully field prepared in advanced. The President's Budget will cause this 60 percent to drop to 48 percent in FY 1990. By adding $22 million of Excess Timber Receipt funds, the pipeline volume can be increased to 60 percent of its target. With the addition of $70 million ($35 million per year for two years), the pipeline volume can be brought to full target volume by the end of FY 1992.

In Question and Answer Format:

--What is the pipeline investment?

Answer: The pipeline investment for FY 1990 is $57 million. The investment for FY 1991 is $35 million, for a total of $92 million over 2 years.

--What is in the pipeline?

Answer: The pipeline will start FY 1990 with 6.9 BBF, or 60% of the volume needed.

--What is the reduction due to the President's Budget, and excluding Excess Timber Receipts?

Answer: Without Excess Timber Receipts, the President's Budget will reduce the volume to 48%.

--What is the reduction due to the President's Budget, including $22 million in Excess Timber Receipts:

Answer: 60%

--What is the reduction due to other factors?

Answer: At this time, there is no reduction due to other factors.

Senator ADAMS. Thank you very much, Mr. Chairman.

Thank you, gentlemen.

I would like to close by urging you to help us with our timber supply problem.

If you have trouble getting the timber companies and the environmentalists to work with you, a number of us would like to help you so that we can address our immediate short-term problem. We don't want to spend all of our time in court if we can get these parties to agree.

Mr. ROBERTSON. We would welcome your help, Senator, in getting the environmentalists and the timber industry to agree on some things up there.

Senator ADAMS. You certainly have it. If you will direct your attention, I will see what we can do to help. We will do so.

Mr. Chairman, I appreciate very much your time.

Senator McClure, I want to thank you very much for giving me the time.

Senator MCCLURE. Thank you very much, Senator Adams. I am glad that you brought the chart with respect to the pipeline to the attention of the committee because I had intended to do the same.

I think it is important in looking at that pipeline, though, to understand—and I take the opportunity to ask questions about that while Senator Adams is here—I want to make certain that people understand that that pipeline shortfall started for a whole variety of reasons, and the spotted owl is probably not the primary reason for the shortfall in the pipeline.

Am I correct?

Mr. ROBERTSON. It was just one factor of many. It is primarily appeals, lawsuits, and judicial decisions that keep raising the standards of NEPA compliance that it takes to get a timber sale sold.

Senator MCCLURE. You have explained to me before, and I wish you would explain to the subcommittee, what happens when you have a change in standards with respect to a sale. What happens to your sales program when that change of standards is applied in one sale?

Mr. ROBERTSON. We have talked about the pipeline concept, so we are working on about 5 years of timber sales at one time all through the pipeline. We sell on the average of about 4,000 timber sales above $2,000 apiece a year.

So, at any time we have got about 20,000 timber sales in this pipeline, and about half of those—8,000 to 10,000 of them—either have the environmental analysis completed or are in the process of preparing. So, if you get a judicial decision that comes along that raises the NEPA standards, like dealing with scientific uncertainty or cumulative effects or more EIS's, environmental analysis, we have the 8,000 to 10,000 EIS's either on the shelf or working on. We have to pull people out of the forest, out of the woods doing field work, back into the office to revamp these environmental analyses to bring them up to standard.

So, it just greatly complicates our lives. What is happening is a lot of our field foresters, engineers, and other professional disci-

plines are in the office preparing paperwork on appeals and lawsuits and redoing EIS's rather than being out in the forests doing the field work that needs to be done to get these sold.

Senator McCLURE. You complicated the picture the last couple of years with fire seasons, too. Is that not correct?

Mr. ROBERTSON. A lot of our field-going crews were off fighting fires.

TIMBER

Senator McCLURE. It is really a personnel question. You have got just so many people to do the work, and when they are required to do additional paper preparation for sales to review and to change the papers with respect to the 20,000 or so sales that are underway, you simply run out of people. Am I correct?

Mr. ROBERTSON. That is correct. We have a lot of dedicated Forest Service people that are working long hours, most of it donated, in order to try to keep up.

Senator McCLURE. I am very much concerned about that, as you know, and I have been, for the last 3 years, trying to do something about getting the pre-sale activity level raised to the point where you can actually have sales take place that would meet the sales quantities set forth in the forest plans.

Now, that requires the preparation of sales in excess of the ASQ, does it not?

Mr. ROBERTSON. Yes.

Senator McCLURE. You cannot meet ASQ if you only prepare 100 percent of ASQ?

Mr. ROBERTSON. That is correct. I think we have enough experience now to know that we are going to have a certain fallout rate of our timber sales. We do work that will not make it.

Senator McCLURE. In our conversations, you estimated that at 10 or 15 percent, which I think I expressed to you personally was too low of an estimate of the shortfall, and I repeat that because that picture is changing very rapidly. If you look at a several-year average, indeed you would be right. If you look at the last 2 years' average, you would be way off the mark, wouldn't you?

Mr. ROBERTSON. Yes.

Senator McCLURE. The falloff between your sales preparation and actual timber harvested is actually much greater in the last 2 years than it was before.

Mr. ROBERTSON. Yes.

Senator McCLURE. That is because of appeals, you are also dealing with more sensitive areas, you are dealing with roadless areas that have more contention about them, a whole lot of different areas, but it is the fact that you have a lot more appeals today.

Mr. ROBERTSON. That is true. All of the things we were talking about are cumulative, and they all go one way. They never go the other way.

SPOTTED OWL

Senator McCLURE. How many different places throughout the States of Oregon and Washington have you set aside areas for the spotted owl?

Mr. ROBERTSON. Thirteen.

Senator MCCLURE. Thirteen different national forests. How many acres?

Mr. ROBERTSON. About 280,000 acres.

Senator MCCLURE. Are those all contiguous units, or are they scattered around through the forests?

Mr. ROBERTSON. They are scattered around throughout the forests.

Senator MCCLURE. How many individual sites?

Mr. ROBERTSON. Do you know, Jim?

Mr. TORRENCE. I don't know exactly, but it would be somewhere around 290 sites.

Senator MCCLURE. How many birds are there in each site?

Mr. TORRENCE. In theory there is a pair in each site, at least a pair. But not all sites are occupied at this time. The occupancy rate probably is about 50 percent.

Senator MCCLURE. How many places have the spotted owl been observed other than those areas?

Mr. TORRENCE. A number of other areas.

Senator MCCLURE. How many other areas?

Mr. TORRENCE. I am not sure that we really have a precise number of how many other sightings there are, but we have a lot of areas where owls have been sighted and they have not been set aside as spotted owl areas.

Mr. LEONARD. We are estimating there are about 1,600 pairs of the spotted owls with only 280 of those at habitat management areas. A great bulk of them are outside those areas.

Senator MCCLURE. Outside of those areas? In what kinds of areas?

Mr. LEONARD. We have found them in wilderness areas and in parks. They have also been sighted in a variety of other habitats.

Senator MCCLURE. Have you inventoried all of the parklands and all of the wilderness areas for the spotted owl?

Mr. LEONARD. We have not completed an inventory of those areas. That is in process.

Senator MCCLURE. When will that be completed?

Mr. TORRENCE. I am not sure when the parklands will be completed. We are not actively involved in inventorying the national parks. We are concentrating first on the lands that have not been set aside, because that is the most critical thing to know for our ongoing programs.

We pretty well have that inventory completed on those lands, and now we are improving the quality of that inventory by shifting our emphasis to set-aside lands. We will have that inventory pretty well done in another year.

Senator MCCLURE. The reason I ask that question is relatively obvious. We were asked that question earlier with respect to the spotted owls. They were first identified as being in connection with old growth, and it has also been contested publicly on at least one occasion that the spotted owl is only a surrogate as a means to protect old growth. They were more concerned about the old growth than they were about the spotted owl.

So, they asked us to look for spotted owl in old growth, and we looked, and indeed we found. We have also looked at some other

areas to see if there is spotted owl, and indeed there are—is that not correct—other than old growth?

Mr. TORRENCE. Yes; there have been owls found in other than old growth.

Mr. ROBERTSON. Mr. Chairman, if I could kind of put that in perspective. We found that the average range of a spotted owl is somewhere around 5 or 6 or 7,000 acres, and a lot of that range is second growth. What we found is that, on the average of a breeding pair, there is anywhere from 1,000 to 3,000 acres of old growth out of the 6 or 7,000-acre range. So, over half of the range is in second growth. And so you will see the spotted owls out there in the second growth.

Senator MCCLURE. A retired State forester in the State of Oregon told me 3 years ago, "Senator, I have seen spotted owls 65 miles away from any old growth."

Is that a rare statement?

Mr. ROBERTSON. It is a rare statement that I have heard.

Senator MCCLURE. Are spotted owl found in habitat other than old growth?

Mr. LEONARD. Senator——

Senator MCCLURE. Is it always invariably centered around old growth?

Mr. LEONARD. We have found spotted owls in a variety of habitats, including some pairs that are apparently living in habitats solely made up of second-growth timber.

The significant issue, though, that concerns our biologists is that we have not found any breeding pairs or have not been able to confirm successful breeding by any pairs that didn't have a substantial amount of old-growth timber available to them, even though they might be most of the time living in the second growth. The successful breeding pairs do have old-growth timber available.

Senator MCCLURE. I think it is more accurate to say that I have been told that there are nesting pairs in the Sand Cliffs of southern Utah.

Mr. LEONARD. That is correct. That is a separate population there in the Southwest. But that spotted owl is apparently evolved to a point where it does not utilize the old-growth timber and in fact nests in the rocks in the canyons.

ENDANGERED SPECIES ACT AND ITS USE

Senator MCCLURE. The reason I ask that is that I am not at all convinced in my own mind that we are not seeing a con job which will change public land management policy on thousands of acres of public lands without a substantial and sufficient basis for that decision.

Now, I am not going to condemn the Forest Service for being cautious, because I think that once the question is raised, indeed you have to be cautious. You have to know. But I would say to my friends from Washington and other places that if you look at the statements made by people who are trying to preserve old growth, they are very candid in saying that the spotted owl simply is a surrogate, a means to the end of preserving old growth and not really a question with respect to the spotted owl.

I only mention that today because there are a great many of us who are very, very much concerned about this growing attempt to use the Endangered Species Act to accomplish other ends. When it is not justified, it is going to backfire on those who are using it because it will throw doubt on the entire Endangered Species Act and its implementation.

I think most of us want an Endangered Species Act. We want to protect endangered species if indeed they are truly endangered. We hate to see it being misused, if indeed it is being misused, by people who have other objectives, particularly if indeed the evidence is not on their side of the issue of whether or not it is endangered.

I am a little intrigued to know how widespread the spotted owl is. I know you are too, and that is why I asked you when you are going to get the survey done.

I am also—I can't help but ask the question, after Congress set aside millions of acres in national wilderness lands, why we look first for spotted owl on the commercial forest lands. I suspect the answer is that is the only place you are changing anything and therefore you have to be certain before you change it.

I recognize that, but at the same time, if indeed the wilderness lands have mature old growth in them—and they do; that is their nature by definition—they are also undoubtedly, if old growth is essential, the habitat for spotted owl. Is that not correct?

SPOTTED OWL

Mr. ROBERTSON. Yes; that is correct. The basic concept behind the spotted owl plan is to manage these set-aside old-growth forests, like you mentioned, in the wilderness for maximum owl production.

What we are setting aside out in the commercial forest land base is some linkages between these areas that are set aside so that we don't end up with isolated populations. The viability of the species depends upon interbreeding and interacting over time.

Senator MCCLURE. If indeed they are endangered, that would be an appropriate policy. What if they are not endangered?

Mr. ROBERTSON. Well, we believe, by the National Forest Management Act, we are required to maintain a viable population of all species of the national forests, and we believe we need some old growth scattered throughout the forests if we are going to maintain a viable population of not only the spotted owl but some other species.

Senator MCCLURE. The red-cockaded woodpeckers?

Mr. ROBERTSON. That is in the South. But they require old trees, too.

Senator MCCLURE. Dead woods or at least bug-infested ones. Now we are going to maintain these forests in the South so that they will die so that the woodpecker can feed on them.

Mr. ROBERTSON. Yes; the red-cockaded woodpecker is a listed species. We are in a position of trying to protect all existing birds now and the red-cockaded woodpecker. That is having a tremendous impact on other managements of the national forests.

Senator MCCLURE. I am going to get a list of the wood workers and on and on, and then will you protect them?

Mr. ROBERTSON. The best we can.

Senator MCCLURE. I want better than that. I want assurance that you are going to give them migration routes and breeding habitat. [Laughter.]

Mr. ROBERTSON. The national forest lands have many uses. [Laughter.]

Mr. ROBERTSON. We will do what we can.

Senator MCCLURE. I realize a little bit of humor helps all of us and makes it possible for us to survive in a complex world. But I regard this as a very, very serious question that we are asking with respect to the size. And remember the Endangered Species Act asks for no balancing. The Endangered Species Act and the regulations under it permit no balancing. They do not necessarily direct you to ignore economic impacts. Isn't that correct?

Mr. ROBERTSON. What the Endangered Species Act says is that we have to manage the forests in a way that we do not jeopardize the future viability of the species or destroy any critical habitat. And so it pretty quickly gets down to looking at those few factors.

Senator MCCLURE. There are margins of discussion on that issue, and you touched on it a moment ago when you were talking about migration corridors from place to place. That is not within the Endangered Species Act.

Mr. ROBERTSON. No; and we are dealing with the spotted owl there, which is not on the threatened and endangered——

Senator MCCLURE. You are dealing with that under a different management criteria?

Mr. ROBERTSON. The criteria we are trying to manage the spotted owl under is the National Forest Management Act, to maintain a viable population of all species on the national forests; and second, try to avoid crossing that threshold that it does become threatened and endangered. When you are into this not much consideration is given to economics and other factors. It is what we have to do to protect the viability of the species.

Senator MCCLURE. I understand that.

Mr. LEONARD. The real clue is that under our obligations under the National Forest Management Act, it says we are to maintain the viability of these species consistent with overall multiple-use objectives for the forest. So that we can take into consideration the impacts on employment and other things that arise out of the forest. That is why when we made our spotted owl decision, we didn't provide 100 percent assurance, because we did need to take into consideration the mill jobs in the communities that are affected by those decisions.

VOLUME UNDER CONTRACT

Senator MCCLURE. What is the ordinary length of time for a sawmill timber operator, how much timber does he have under contract ordinarily to keep a mill operating?

Mr. LEONARD. We have long believed that in order for a mill to have efficient operation and be able to go out and get financing from a bank and other things essential to his operation, that on the average mills ought to have 2 to 3 years of volume under contract.

Senator MCCLURE. What is the average in the State of Oregon today?

Mr. LEONARD. About 1.8 years.

Senator MCCLURE. About 1.8 years on the average?

Mr. LEONARD. Yes.

Senator MCCLURE. What is it in the State of Washington?

Mr. LEONARD. About the same.

Senator MCCLURE. And in Idaho?

Mr. LEONARD. Right around 2 years.

Senator MCCLURE. So, we are below the historic average substantially?

Mr. LEONARD. Yes.

TIMBER BID RATES

Senator MCCLURE. What is the latest in pattern of amounts bid on timber sales?

Mr. LEONARD. It has been increasing very rapidly, particularly in the forests that are affected by the spotted owl situation. We have increased bid rates by 50 to 100 percent over the last year.

Senator MCCLURE. If I understand correctly, one recent sale sold for $700.

Mr. LEONARD. That is correct. On the Mt. Hood National Forest.

Senator MCCLURE. What would the average price have been 2 years ago on that forest?

Mr. LEONARD. Close to $200.

Senator MCCLURE. It is three and a half times——

Mr. LEONARD. On that particular sale.

LOG EXPORTS

Senator MCCLURE. There is legislation pending which would make permanent the prohibition on the export of logs from the United States from the public lands and would also permit States to initiate such a ban on export of logs from State lands. That has a great deal of interest in many areas throughout the Northwest because of the threat to the stability of the timber-dependent communities in those States. The logging industry itself would be served by exports because they are employed to cut down trees where that is not a matter of great concern to those particular jobs.

But if there is a sufficient reason for people to be concerned about export of logs from the United States, I also have to be concerned about export of logs from the State of Idaho, where we are going to be exporting logs from Idaho to Oregon to make up for spotted owl habitat. There aren't any spotted owls in Idaho. We shoot them all coming across the border to make sure there aren't. But so far as I know, there aren't any. And there are not likely to be. But that does not insulate us from that impact.

Any time people will pay several hundred dollars a thousand, they can go quite a little distance to bid lower and pay the transportation cost. The impact is going to spread inland as sure as God made little green apples.

I am very much concerned about what is going to happen to us as we look at that management and process that is breaking down. I look also at this chart with respect to the pipeline.

Now, what is your opinion as to how much volume you should have prepared as you enter a sales year?

Senator ADAMS. Would the Senator yield before he shifts to the subject of log export? If the ban, as was proposed in the Reagan budget, on export of logs from Federal lands were lifted, what would those logs sell for? You mentioned $700 approximately.

Mr. LEONARD. Right now logs going into the export market on the coast have a premium of about $200 over the value of logs going into domestic mills. Now, the one $700 sale that was a very high priced sale, and I would doubt that it would—it might have been affected by that change in the ban. The mill that bought that actually will probably process that into lumber. It will go for export. But on the average, it would probably come close to increasing the price from $150 to $200 per thousand. And if that happens, a lot of the domestic mills could not process timber at that price and come out economically on it.

Senator ADAMS. That's right. In other words, if the export trade moves into the Federal forests, they sell their lumber considerably below what the private market carries in the export trade. Isn't that correct?

Mr. LEONARD. That is correct.

Senator ADAMS. Thank you, Senator McClure.

VOLUME OFFERED

Senator MCCLURE. Again, how much volume do you have to have prepared for sale, in your professional opinion?

Mr. ROBERTSON. If we are going to run a business-like timber sale program, we need to have 100 percent of our timber sales completed through field work before we enter the next fiscal year.

Senator MCCLURE. Would you allow anything for slippage?

Mr. ROBERTSON. Well, none of the budget calculations we have used thus far has allowed any slippage. But reality is if we are going to face reality, we need to allow some slippage.

Senator MCCLURE. We could argue or discuss what that volume ought to be or percentage, but if it is 10 or 15 percent, as you have indicated to me, or 25 percent or so that I have indicated which seems to me to be more realistic, then you should enter a timber sale year with 110 to 125 percent of the total volume you would expect to sell.

Mr. ROBERTSON. That is correct.

Senator MCCLURE. Already prepared and ready to go.

Mr. ROBERTSON. That is correct.

Senator MCCLURE. What do you actually have prepared today?

Mr. ROBERTSON. We entered fiscal year 1989 at about 48 percent.

Senator MCCLURE. Half.

Mr. ROBERTSON. Half.

Senator MCCLURE. What does that mean in terms of the actual sales you would actually make? It can't be more than that, it has to be less.

Mr. ROBERTSON. What it means is that the remaining 52 percent of the work for this year will have to be done this year in order to sell it this year. If we hit any kind of a snag or delay through appeal, we just won't make it. This may be the first year that the

Forest Service has a significant falldown in our timber sale program because of this.

Senator MCCLURE. That is why you are coming to me and saying, "Senator, we just can't do it anymore."

Mr. ROBERTSON. You know, we have incrementally, over time, really created a complex situation. You just look at the number of laws that the Forest Service is trying to implement that comes to bear on every individual timber sale or road construction project or whatever we do out there, but it is a threatened and endangered species, Clean Air Act, Clean Water Act, and protection of the cultural resources. All of that has to come to bear in a NEPA process, which is a process. Here we have GS–9's, GS–11's, field-going people out on the ground trying to integrate all of these NEPA requirements as they come into play on an individual timber sale or an individual road. It is very complex.

Then we have very strong interests by people outside the Forest Service in those timber sales. Many are backed up with some pretty smart lawyers, and they are challenging our field-going people in everything they do in many, many areas throughout the national forest.

It is just getting very difficult out there to try to stay in an operational mode in making timber sales when a lot of the pressures on our field people are trying to almost push us into a research mode, just analyze these sales on and on and on, cumulative effects, out years, et cetera. It is getting very complex.

Now, our people are doing the best they know how to do, and we, top management, the regional foresters that are with us today, in January we talked about the situation we find ourselves in, and it is not a good situation. Where we came out is that the courts have spoken in terms of what it takes to comply with these laws. We are going to do the best job we know how to do to meet those legal requirements to see if we can do it. That is the course we are on.

If we, after doing that, still cannot meet the test, then we need to talk to Congress about how all of these laws interrelate and come to bear and focus on some individual or two or three individuals out there trying to get a timber sale or whatever kind of project onboard ready to go.

TIMBER PIPELINE SHORTFALL

Senator MCCLURE. Chief, I sympathize with you, and I don't mean to be unduly harsh to the Forest Service, because I know you are struggling to meet the requirements of the law, as interpreted by the courts, and both the imposition of law by the Congress and the interpretation by the courts are beyond your control.

We will get back again to the chart which tells us what is happening to you and say that now is the time to look at the process. That is what the industry has been saying to me as I have struggled over the last 10 years to produce wilderness legislation. We have had the greatest increase in the wilderness system in the middle of this decade than we have had in the history of the act, which is now 25 years old.

So, it is not because we have not been trying to create wilderness areas, but we are also at the same time being asked by the forest

industry and the other people who are resource users on those forest lands to come up with so-called hard-release language. The hard-release language really deals with what we are talking about today. It doesn't have anything to do with wilderness designation. It has to do with how you manage the rest, how do you make decisions.

You are telling me that you are really up against it, and this chart, this chart in dramatic form tells us what you are up against. This chart starts the downturn right now that many of us have been predicting was going to happen.

There is a slight upturn here at the bottom of the chart because of the $22 million in excess revenues that we, last year, through the actions of this subcommittee, made available to you for sales preparation. OMB caught us and said, "You did it once, but you're not going to do it again," and that is what the downturn is, the green line on the bottom of that chart, that says, "You got away with it 1 year but you can't do it twice."

If you don't do it twice, you are back down there, aren't you? You're back down under 50 percent.

Mr. ROBERTSON. Yes; we are using the $22 million of excess receipts to help us get the 1990 program.

Senator MCCLURE. If we get up here to 115 percent, 110 to 115 percent, in 2 or 3 years, how much money would we have to have for the budget this year? We would have to have over the next 2 years an additional $188 million, wouldn't we?

What is the prospect of us being able to do this? That is a rhetorical question. I will not ask you to answer that, because I am very much concerned about it. If we don't do that, you said, "All right, we are only at half, less than half where we should be on sales preparation, and if we are lucky and we spend the rest of this year trying to get sales, we might get back up to 100 percent."

Chief, you don't really believe that. If you did, assume that you put all of your people onto making this year's sales for this year, where would it be next year? At 48 percent or at zero? How many sales would you have ready to go for next year if you put all of your people on making this year's sales? That is not a rhetorical question.

Mr. ROBERTSON. Well, we would get that line moving upward. I can't tell you what percent.

Senator MCCLURE. But where would you start next year? You use all your people to get all of the sales made this year, you do nothing about prepping next year.

Mr. ROBERTSON. That's true. We are behind the eightball now because, as I mentioned—and I guess that is the point you are making—the bulk of this year's effort on timber sale preparation is aimed at getting this year's program going and in the meantime we are not working on 1990, 1991, and 1992 sales.

TIMBER DEPENDENT COMMUNITIES

Senator MCCLURE. If you have less than 2 years of sales under contract today—and I talked to a number of Oregon operators who are telling me they have 7 months under contract, not 2 years, that means before the end of this year they are out of business unless

they can buy some more, and they will bid the prices up because they are desperate to do it.

We are going to enter into another situation like we had a couple of years ago on timber buyout. Timber contract buyout provisions were bid too high to be economical as people in desperation tried to keep their mills, their businesses, and their communities alive.

Now, Chief, I am going to say something that I hope you and your people understand, because I am on your side. I say this not to be critical but to drive a point home. Two years from now you will still have your job. Your people will still be drawing a paycheck. Your incomes will not have changed. But there will be a lot of working men and women throughout the timber communities of the West that will be down flat on their uppers. They have no place to go. They have no government job. They have no retirement policy. They have no health benefits. They are tied to a job in a community in a forest. And when you can't do your job, those people are hurt.

Even if that community turns around, you get it turned around, say, in 3 or 4 years from now, those people have been irreparably injured, and the communities in which they live have been irreparably injured.

What we are doing as a matter of national policy either intentionally or inadvertently, we are creating a new Appalachia in the West. I don't think that is the right kind of policy for us to pursue.

When everyone concedes that there is enough timber in those forests to meet the timber demands of the industry as well as the environmental demands that are being made upon those resources, we are no longer talking about biological yield forests, we are not even talking about annual growth or sustained yield. We are talking about volumes that are probably less than half sustained-yield volumes on most of those forests.

That means that even though we are going to leave half of it out there for other reasons, that is not good enough, we have to kill off communities and harm individuals and hurt people as we start pursuing things like spotted owl, monkey flower, and you name it. We will have them there because there are some people in our society who would very legitimately and honestly say, "I care a lot more about trees than I do about human beings."

Well, that may be legitimate for him, but that is not legitimate for me, and I think it is an abomination in terms of public policy.

We have got to find a way now to deal with the process question of how you go about making your decisions. And it isn't being done. This chart tells me it is already too late. We are not going to change policies rapidly enough to meet those needs for a mill that has 7 months under production.

They are not going to survive while we sort this all out. Unless we really start sorting it out now, the ones that have 1.8 years under production won't be here by the time we get solutions worked out and actually implemented on the ground.

Again, I did not say that about Forest Service personnel drawing checks to badger the Forest Service. They are good men and women trying to do a good job, and I know many of them personally and I admire many of them very highly.

But the process isn't working. That is what you are telling me. That is what your people out in the field tell me when I ask them questions about what is going to happen in Bonners Ferry, what is going to happen at Orofino, what is going to happen in Salmon, what is going to happen in Council?

Those are real people out there, and they are not just in my State, they are in other States too, and those people are the ones that are going to be hurt while we fail to make policy that will allow us to manage our public lands.

I am profoundly disturbed, and I know you are bothered by it too. I know you from our private conversations, and I know you as a professional manager. You are disturbed by what is happening. But we will never get it turned around unless you and I and others who know what is happening stand up and say there is something wrong. And there is something wrong.

We are not blind plunderers of the environment. That era is behind us. We need to put another one behind us too in terms of extremism, and that is the environmental extremist who loves trees more than they love people. They shouldn't be allowed to make policy. You know and I know that they do make policy.

How many times in your own memory can you think of times when the Forest Service has changed the application of a policy or a policy generally or in its application specifically in order to avoid the obstruction of an environmental group?

You're being blackmailed. You got into it very simply. You got into it trying to do a good job. You got into it trying to avoid the problems that would be worse if you did not somehow try to work your way around their demands. But you have gotten us—not just yourselves, you have gotten us—into a position now where that blackmail is greater than we can afford to pay. We are at the point now where we are going to have to find a way even to give up our business or to find a way to do business with them in a different way than we are today.

Mr. Chairman, I have a whole bunch of detailed questions here which I would like to submit for the record. But I took my time on maybe an emotional binge—and I think it is more than that, because it isn't just Idaho and it isn't just Jim McClure, it is all of our public land States.

People that don't care about other human beings, people that don't care what they do to others, people that are so fixed on their own objectives that they are unwilling to admit that there are other people who have legitimate objectives. Staying alive is one. Taking care of your family is one. Caring about your community is a legitimate objective.

When we can do those things without undue damage to the rest of the environment, I think that we are bound to try to do it rather than follow blindly those who plainly don't care about other people's feelings.

Thank you, Mr. Chairman.

Chairman BYRD [presiding]. Thank you, Senator McClure.

Senator Cochran.

Senator COCHRAN. Thank you very much, Mr. Chairman.

I would like to join with others on the committee in welcoming Chief F. Dale Robertson here today. We have followed the Forest Service's program with great interest for many, many years.

In the South, we are very interested in helping to ensure good management practice of our forests' resources. They are very important to the State of Mississippi and other States in our region. Forest products are among the top cash crops in Mississippi. Fish and wildlife resources are also very important in our State.

There have been some suggested programs come forward to enhance the forests of the South. One is called Southern Forest Productivity. This is a research effort that involves the Forest Service, universities, institutions of higher learning, and industries, who are developing a priority research program to try to reverse the trend of decreasing forest productivity in the South.

I noticed that the budget which you are presenting today contains a request for funds for this priority research program. I want to compliment you for that and let you know that we support the leadership that you are giving to forests and wood products research, particularly as it relates to the State and private forestry resources of our Nation and particularly the South.

We have other problems, though. The southern pine beetle continues to be a pest problem, and we notice what there is not any funding recommended for programs on private lands. Or that is what I have been told.

We also see a need to continue our incentive programs for landowners when a landowner is encouraged to reforest or otherwise use good management practices. This will have a great effect. Just a little bit of funding in some of these incentive programs will go a long way.

I just want you to know that all of these programs continue to be of major interest to me. I hope that you will ensure that the Forest Service continues to see that the programs relating to these efforts go forward.

What is your reaction to the suggestion that we should try to allocate some additional resources for private and independent land activities, particularly for research?

Mr. ROBERTSON. Well, that has high payoff. If you look at the potential to increase timber production, it is not just timber production, it is multiple-use management in this country, the private land, the 58 percent that is owned by small, nonindustrial landowners that have the greatest potential both economically and environmentally.

So, I don't think anybody disagrees that we need better management of that land and we need to do things to encourage the landowner to better manage the land. We do get tangled up in who pays for it.

Senator COCHRAN. Some of the State foresters have come up with a program called the Forest Stewardship Program, a program to provide landowners with a comprehensive management plan that incorporates fundamental good stewardship practices.

Is this a program that has been brought to your attention at this point? And if so, what is your reaction to it?

Mr. ROBERTSON. Yes; the State foresters have specifically brought that to my attention and discussed it with me.

Like our State and private programs, it is a good program, a worthy objective. Much can be achieved through that program in terms of improving management on private land and, again, for all of the uses of the forest, not just timber. And again, we get back to the argument of who pays for this.

RESEARCH

Senator COCHRAN. I was glad to see a response received recently from an inquiry I made about the Southern Forest Productivity research program, indicating that the budget for fiscal year 1990 has an increase of about $460,000 over last year and that this would provide adequate funding for Forest Service research on productivity of southern forest lands.

Is that an accurate assessment of the response that we received to our inquiry on that subject?

Mr. ROBERTSON. Yes; our budget explanatory notes identify six high-priority research items. Southern Forest Productivity is one of them. We are proposing $8.9 million in fiscal year 1990 compared to $8.5 million in 1989. So, we are increasing that program in spite of about a 7-percent reduction overall in research.

Senator COCHRAN. There was a construction project that we expressed an interest in, a Forest Service laboratory that we had been hoping that we could get favorable consideration and support for. I am not sure that this would be a line item in your budget, but there is authority for the Forest Service to support and participate in Forest Service laboratory development and research activity on university campuses. Is there not?

Mr. ROBERTSON. Yes; I believe it is the farm bill that gives us authority to cooperatively finance and use buildings with universities and States.

Senator COCHRAN. We are very anxious to see a project that is being planned for Mississippi State University to have the support of the Forest Service. We think that along with some other universities in the county it has been designated in a previous report from the Office of Technology Assessment as a center of excellence for forestry research. And we are very proud of that.

RESEARCH CENTERS

Mr. ROBERTSON. I have been to Mississippi State a couple of times, and I, too, am impressed with the research that both the university and the Forest Service are doing there. It is a center of excellence.

Senator COCHRAN. Specifically there is $371,000 proposed in the 1990 budget for adding the Forest Service's laboratory. Mississippi State University is in the process of building a new forestry school building in the same location.

My question is: Is the proposed $371,000 addition to the Forest Service building adequate to meet both current and projected

needs? And if not, how much funding would be needed to provide for both current and projected needs?

Mr. ROBERTSON. I will ask Dr. Sesco, our Deputy Chief for research, to respond to that.

Dr. SESCO. You are correct, Senator Cochran. The $371,000 is for an addition to our main forest laboratory there. It is more or less a stop-gap measure. We planned considerable expansion over time in our programs there in inventory and analysis and in growth and yield.

Our preference would be, because we understand that the university is planning some construction addition to their facilities to tie in with their construction, because the addition to our lab is merely a stop-gap measure at this point.

Senator COCHRAN. We are also interested in a research project located at Stoneville, a research center in our State where we hope funds can be allocated to establish and maintain a hardwoods timber management and wildlife research unit.

The fact is that southern bottomland hardwoods are very important for enhanced wildlife habitat. Also, they have great economic benefits.

What is the agency's request for this year for this program?

Dr. SESCO. Senator, $840,000 is in our fiscal year 1990 request.

Senator COCHRAN. The Southern Forest Experiment Station research locations in Gulfport, Oxford, and Starkville, MS, are included. I was wondering whether funding for this project might be included in the same area of the budget as funding for those research locations.

Dr. SESCO. In the President's budget for 1990, there is an addition of funding at Starkville for a new growth and yield unit and further addition at Starkville for forest inventory and analysis. That is the extent of the proposed increases in the State of Mississippi. Those are offset by some reductions at Gulfport and at Oxford.

Senator COCHRAN. Mr. Chairman, I appreciate recognition. We have some other questions which we will submit to the witnesses in writing. I appreciate the time that you have allotted to us.

Chairman BYRD. Thank you, Senator Cochran.

I understand Senator Hatfield is on his way. I have some additional questions which I will submit for the record, Chief, if you would supply responses.

GLOBAL WARMING

Chairman BYRD. You can get Jim Page over there to help you. He is a good man. You've got lots of good men, haven't you?

Mr. ROBERTSON. Oh, yes; we have a lot of outstanding men and women.

Mr. Chairman, while we are waiting, I brought a little exhibit which I would like to discuss with you.

Chairman BYRD. All right. Is that one of the timber bridges?

Mr. ROBERTSON. This is oak. It can go into a timber bridge. It is red oak, I believe. But this is a board foot, and you have heard a lot about the global warming trend and the problems with CO_2 and the warming effects that it has on our climate.

I brought an exhibit. About 50 percent of this is carbon. So for each board foot of wood that we grow in the forest, we take this much carbon out of the air, about a pound. That is why growing trees and reforestation and forestry are a big part of the solution to this global warming trend that a lot of people are concerned about.

If we can grow and double the number of trees or the number of board feet that we are growing in the forests, we can do wonders for the global warming trend.

Senator McCLURE. May I ask a couple of questions to follow up on that?

First of all, it is a graphic display. I now have the facts, but I have not seen the display. And I am impressed.

When we look at old growth in the Northwest or wherever else it is, that has already fixed the carbon. That tree that is not growing anymore isn't going to fix much more carbon, is it?

Mr. ROBERTSON. No; it isn't. In fact, in order to fix the most carbon, you need to grow trees, as many trees and as fast as you can grow them. The old-growth forests, by their very nature, tend to decay, and as the wood decays, it releases carbon back into the atmosphere. So, a lot of our really old-growth forests are sort of neutral in terms of offset of releasing carbon dioxide back into the air and taking it out of the air for additional growth.

Senator McCLURE. Chief, I tried this question on some doubters around here, so I am going to tell you to be very careful in your answer because they are going to doubt it.

The Tongass National Forest in the State of Alaska is an old-growth forest, is it not? A lot of dead and dying material in that forest.

Mr. ROBERTSON. Yes; there is.

Senator McCLURE. It would do more for global warming if it were replaced by vigorous, growing young trees than in its current status?

Mr. ROBERTSON. Well, you know, Mr. Leonard is our expert on that. [Laughter.]

He testified on this same question, so rather than me giving an answer, at least we will be consistent and let Mr. Leonard answer that.

Mr. LEONARD. Mr. Chairman, to the extent that you replace old-growth trees and continue to lock up the carbon in those trees by putting them into lumber or other permanent usage of that wood, then you are getting a net reduction.

I wouldn't argue that that is a rationale for cutting the forests, but it certainly would make a net contribution in the CO_2 in the atmosphere.

Senator McCLURE. If your concern is with global warming and you are developing a program to deal with global warming, not looking at any others, you would be better off to harvest the Tongass National Forest than to leave it the way it is?

Mr. LEONARD. As a general statement, that is correct.

Senator McCLURE. And you are willing to stand up and raise your right hand and say yes?

Mr. LEONARD. Yes, sir.

Senator McCLURE. As a matter of fact, if we just grow more trees, we could burn more coal. [Laughter.]

Mr. LEONARD. I will let the Chief handle that one. [Laughter.]

Senator MCCLURE. In some States we want to do both. [Laughter.]

If we would turn our attention in the same vein to the rain forest in the Amazon, the real evil in the Amazon is not cutting the trees but it is not replacing them with growing trees, in terms of global warming.

Mr. LEONARD. It is both the not replacing and the fact that the trees that are cut are not being put into a permanent storage place for carbon. In other words, the wood isn't being utilized to a great extent, it is just simply being burned and the carbon dioxide is being released immediately into the atmosphere.

Senator MCCLURE. If they harvested the hardwoods in the rain forests, used them for a constructive product rather than burning them or allowing them to rot and replace them with vibrant, growing younger trees, then we would have made some contribution to the solution of the global warming trend.

Mr. LEONARD. That is correct. They need to find a sustainable way to utilize those forests.

Mr. DUNLOP. I wonder if I might address the committee about a point.

FIREFIGHTING AVIATION

Chairman BYRD. I have some questions.

Mr. Robertson, I understand that the Forest Service makes extensive use of contract aircraft in aiding in the emergency firefighting efforts.

How many aircraft are presently contained in the Forest Service fleet?

Mr. ROBERTSON. I want to ask Deputy Chief West to come forward and answer that question.

Mr. WEST. The number of aircraft that are owned by the Forest Service is around 35.

Chairman BYRD. How many of these are C–130A's?

Mr. WEST. We do not own or operate any C–130A's.

Chairman BYRD. How many were acquired through the excess-property program from the military?

Mr. DUNLOP. So far, we have acquired seven, and we are in the process of acquiring six more.

Chairman BYRD. Do you have any C–130A's at all, any C–130's at all?

Mr. WEST. Through the Air National Guard we have eight C–130's, not the A that was used at times that we have utilized all of the contract air tankers. They have a modular air firefighting unit that slips into the Air National Guard C–130.

Chairman BYRD. Senator Hatfield, would you like to proceed?

TIMBER

Senator HATFIELD. Mr. Chairman, I wish to thank the Chair today for the privilege of appearing here with the representatives of the USDA Forest Service.

Mr. Chairman, as you know, the Pacific Northwest, and particularly my State of Oregon, has been very dependent upon the availability of forestry resources.

How the current situation is played out will ultimately have a great impact on the whole country in terms of balancing our deep commitment and concern for environmental matters, while at the same time recognizing the dependency of many livelihoods upon the resource-based industries. These industries provide the raw materials and manufactured materials for meeting the No. 1 health and social issue—namely, the inadequate housing for the poor and increasingly for the middle-income.

Fifty percent of the middle-income group in the bay area cannot afford the median range of housing today. That is, in itself, a growing concern of many people.

Now, Mr. Chairman, this is not an either-or matter. It is an issue of finding a balance between the economic and the environmental commitments and values that we hold. The spotted owl now seems to be a focal issue. I really don't think it is a public issue as much the issue of selling Federal timber. I think the real issue is old growth.

In the minds of some, the priority is to stop all logging. I have had such statements made in my office by people who have made no effort to conceal their ultimate objective of trying to stop all logging.

So I have a series of questions; however, I don't want to take the committee's time to go through all of them, Mr. Chairman. I would like to be able to submit a number of these for the record.

I would like at this time, however, to ask the Chief what the sale level of net merchantable timber in region 6?

Mr. Chairman, region 6 is Washington and Oregon, which is a predominant source for timber products for the entire country.

Mr. ROBERTSON. Our 1989 program was 4.35 billion board feet.

Senator HATFIELD. How much of that has been offered to date?

Mr. ROBERTSON. About 1.23 billion board feet.

Senator HATFIELD. Under the worst-case scenario, what will be offered for the remainder of 1989?

Mr. ROBERTSON. Well, the worst case, if the spotted owl is listed and the injunction continues, about half of our timber sale program with region 6 would be tied up in that. So, we would be looking at about 2.5 billion board feet in region 6 for the year. We have already sold about one-half of it.

Senator HATFIELD. Then because of the current court situation—namely, the Seattle district and the Portland district courts—what percentage of your current sale has been enjoined?

Mr. ROBERTSON. One billion board feet, which is about 20 percent.

Senator HATFIELD. That is just the Forest Service lands? Those lands are under BLM, which is also affected, are they not?

Mr. ROBERTSON. They have a different court suit, court case, and a different injunction.

Senator HATFIELD. What is your estimate of the impact of the current court injunctions on the economies of region 6? Would you care to make any comments? I believe you have some material or data that could be incorporated in the record at this point.

Mr. ROBERTSON. We have our new timber sale program accounting report, which is our second year. If the worst case, 2.5 billion board feet reduction about 50 percent of our timber sale program in Oregon and Washington. Last year we reported 62,600 jobs in Oregon and Washington tied to the timber sale program on the national forests. So, if we lose half, we are looking at 31,000–32,000 jobs in the Northwest.

Now, as far as income, we produced, due to our timber sale program, $1.7 billion of income due to our timber sale program in region 6. So, if you reduce that by one-half, a reduction of $850 million.

Senator HATFIELD. Let's go beyond the economic factors of timber production. What kind of impact does this same court situation have on the so-called nontimber resource values, such as recreation, firefighting, reforestation, wildlife management, watersheds, et cetera?

Mr. ROBERTSON. Again, if the worst case and the injunction stays and the spotted owl is listed as threatened and endangered, basically what you're looking at is preserving all of this old-growth forest that is in our timber base. So, that would amount to 2.5 million acres of timber forest land set aside as old-growth forest. So, you couldn't—just initial values, the old growth would be what you would have.

SET ASIDE

Senator HATFIELD. Mr. Robertson, is it not true that within region 6 and the distinction between the two States, a percentage of that old-growth inventory has already been set aside for preservation, for protection for nontimber production use?

Mr. ROBERTSON. Yes; about one-half. About one-half of the total old growth in region 6 has seen set aside in some form or other.

Senator HATFIELD. Administrative or legislatively together?

Mr. ROBERTSON. Yes; and the 2.5 billion is in the commercial forest land base now.

Senator HATFIELD. That is what I wanted to distinguish.

Mr. Chairman, when we read the New York Times and a few other articles that have appeared in the national press, you would think that between this year and next we were about ready to use up all of the old growth of that region. In reality, we have locked up about one-half of the total region for preservation purposes, with some variation between the States of Oregon and Washington.

Would you explain to the committee what you have in the pipeline for future sales and such?

TIMBER PIPELINE

Mr. ROBERTSON. Well, our pipeline is already in bad shape. About 50 percent of the timber sales in our pipeline are in old-growth spotted owl habitat. So, we would lose one-half of what is in our pipeline, which is already down to about one-half.

Senator HATFIELD. Mr. Chairman, we talk about a pipeline which is established with the preparation for future sales to move through the process so that there is a stable supply year in and year out. We don't wait until that year, 1990, in order to start

preparation. We are in a constant process to try and keep the economic impact that already has quite a high variance because of the market factors.

Now, Mr. Robertson, as I understand, you have already used the reserve that was there for a period because of my timber relief legislation that included buybacks.

Mr. ROBERTSON. Yes; we have about a billion board feet in the timber sale program in 1989 and zero in 1990.

Senator HATFIELD. Zero for 1990. So already we are facing the impact today. And even if the court cases were resolved tomorrow, Mr. Robertson, could you have an adequate supply of timber production for 1990 without additional funding?

Mr. ROBERTSON. No; not without additional funding.

Senator HATFIELD. Mr. Chairman, I request that the other questions be submitted for the record.

I would like to close my brief interrogation here today by paraphrasing Gov. Neil Goldschmidt, who made an assessment of the problem when he said:

> If a national disaster such as an earthquake or a flood that if it raised this much havoc among the economy of a State, the Federal Government would certainly label it as a disaster and provide direct Federal assistance.

I remain hopeful, however, that we will be able to forge an acceptable and equitable solution to this serious problem. I certainly seek not only your support on that objective, but that of the committee as well, and the Congress because it does represent a serious disaster in our area.

Thank you, Mr. Chairman.

Chairman BYRD. Thank you, Senator Hatfield.

Your questions will be submitted, and the chief will supply responses.

Senator Stevens.

ALASKAN OILSPILL

Senator STEVENS. Thank you very much, Mr. Chairman. You are doing double duty today, with a hearing in the morning and one in the afternoon. I am jumping around from meeting to meeting.

Somebody just mentioned to me that, Mr. Robertson, it shows very clearly who owns the land that is affected by the disaster that is going on up our way right now. I was surprised.

This morning, as a matter of fact, I asked for a map similar to this from BLM to show ownerships. Your map, as prepared by your people, clearly demonstrates that the Federal Government probably has 90 percent of the land involved in the current spill.

Mr. ROBERTSON. Yes; and it is practically all national forest.

Senator STEVENS. I would remind the committee that this morning I commented also to the director of the Bureau of Land Management on that very capable incident team that came into Seward. You had representatives on that, working with them. That was the finest job I have seen in a disaster area to prepare priorities and recommendations for actions to be taken to prevent damage to the maximum extent possible. They did a very good job.

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But today, I want to talk about the problems of the Tongass. What do you project for the harvests of the Tongass in 1990 and 1991?

TONGASS TIMBER SUPPLY

Mr. LEONARD. Senator Stevens, we are looking at a harvest level on the Tongass in the neighborhood of 450 million board feet in 1990, and I would assume that would continue. The outlook for markets for Tongass products are very good for the foreseeable future.

Senator STEVENS. There is an extremely high expectation in terms of the budget. Based on the 1990 budget, what would be the timber supply base for 1990 and 1991?

Mr. LEONARD. We are looking at a sales program of 373 million board feet for fiscal year 1990. So, the sales program is substantially less than our projected harvest level.

Senator STEVENS. Will you be able to maintain the harvest level sufficiently high enough to keep the mills in operation, as we thought was a commitment under the Alaska Lands Act?

Mr. LEONARD. It is certainly our intent to meet the 450 million level. We do have a number of mills there with substantial volumes of timber under contract. On the other hand, we have some mills with less than desirable levels under contract. In the last several years there has been concern about the economics of the timber program in Alaska, concern that we were selling more timber than the harvest level. So, we have been attempting to bring harvest and sale levels into line.

Senator STEVENS. They tell me the Wrangell mill has closed due to lack of timber. Are you familiar with that?

Mr. LEONARD. I don't think it is entirely the lack of timber that has affected that mill. The Wrangell mill is owned by Alaska Pulp Company, which has a big, long-term timber sale contract, and we have had some problems because of lawsuits completing a satisfactory environmental impact statement.

That environmental impact statement is in process, and if it is successful this year in passing the court test we will have ample timber under contract, tributary to that mill.

Senator STEVENS. You are receiving a higher stumpage rate now? Your return to the Government now from the Tongass operations is up compared to the past few years, isn't it?

Mr. LEONARD. It certainly is. Revenues were up last year by about 87 percent between 1987 and 1988. We lost a little bit of money in 1988, but we are projecting that the Tongass will have a positive relationship of revenues to cost this current fiscal year.

One contract we successfully renegotiated, and the rates went from just a little over $2 to $49 per thousand board feet. We expect to complete similar negotiations on the other long-term contracts and bid rates on the independent sales are up in the $50 to $60 range.

So, we anticipate in 1989 and for the foreseeable future that the Tongass will operate on a very favorable cost-benefit ratio.

Senator STEVENS. In terms of the cost, how much of the cost of the Forest Service in the Tongass do you assign to that rate-of-return balance? Is it all of it?

Mr. LEONARD. Certainly not, Senator. Only the costs directly attributed to preparing and administering the sales, and it doesn't include the cost associated with doing the Fish and Wildlife program.

Senator STEVENS. You are not allocating that to timber?

Mr. LEONARD. It does not.

TONGASS LAND MANAGEMENT PLAN

Senator STEVENS. Finally, Mr. Chairman, I understand that we have a new draft Tongass land use management plan.

They called it TLUM before. What will it be called now?

Mr. LEONARD. Probably TLUM-2. That draft plan is scheduled to be out by the end of this calendar year.

Senator STEVENS. Is there some lack of funding to complete it this year?

Mr. LEONARD. No; we anticipate that it will be completed and the draft plan issued in September.

Senator STEVENS. My Alaska staff told me that we had anticipated some necessity for the revision of the TLUM-2 before it was completed because of litigation. Is that right?

Mr. LEONARD. Let me ask Mike to respond to that.

Senator STEVENS. Hi, Mike. I didn't see you sitting back there.

Mr. BARTON. I was enjoying it. [Laughter.]

There has been a couple of lawsuits that we are trying to take into account as we revise the plan. But I don't see a significant impact from the revision, Senator.

Senator STEVENS. You don't need any more money to complete the plan on time? You don't need any more money?

Mr. BARTON. The time line right now is being driven by various requirements in the planning process function. It is a function of the clock, and as one of my colleagues said earlier, we are going ablowing. It has taken an awful lot of effort, but it is not a function of money.

Senator STEVENS. You don't have any estimate or do you have an estimate—as to how much it will cost to revise the plan? It is almost done, as I understand. Now you have to revise it?

Mr. BARTON. No; what we are doing is revising the initial plan, which was developed in 1979. We are not revising the revision that we are presently undertaking. We will have about $6 million in the revision through the end of 1990.

Senator STEVENS. I see.

Mr. BARTON. After the draft revision comes out, then we will have to go along and complete the final plan.

Senator STEVENS. Is that charged to timber?

Mr. BARTON. A great deal of it.

ALASKAN OILSPILL

Senator STEVENS. You better start earning more money then, Mr. Robertson.

Well, I do thank you. And again I want to thank the people in your agency for what they have tried to do. I know that the origi-

nal group that went in there to assist in planning for the recovery from the disaster was rejected by Exxon. That is what led us to go to the President and ask for some special treatment. But now we have got the coordinator there and the Coast Guard, and I hope you all are making your people available.

I do hope that you will send a team on to Kodiak now. That is also a Federal area. It is not yours. Fish and Wildlife has the Big Bear Refuge. I think that the training they have had in dealing with these other disasters, such as the fires in Montana—we talked about that this morning, but this is part of that same team, Mr. Chairman, and Senator McClure, and I have a great feeling that Kodiak needs to get ready.

We may be lucky enough. From the weather reports, the oil going over to Kodiak may be partially stalled, but there is still a tremendous threat there: At least 2 million gallons of oil still in the water.

He is going to make up a song to TLUM–2. [Laughter.]

Senator MCCLURE. Do I understand that the Forest Service, like other agencies, is keeping careful track of the additional costs with respect to the oilspill?

I wanted to reiterate my own pledge that was made earlier to the BLM, I will do everything that I can to make certain that the recovered revenues that come from Exxon and the other companies that may contribute to do the cleanup, that the extra revenue will go back into your current operations rather than being subtracted from this year's operations and have to be replaced in some other manner in the future.

If we cannot accomplish that, then you are hurt badly in this year's operations. And that should not happen.

Senator STEVENS. Mr. Chairman, I think that Senator McClure is absolutely right. There would be a disincentive in the future for Federal agencies to step in when they are needed. Congress must insist that the money they have spent in an emergency such as this goes back to the individual agencies without any further appropriations required by Congress.

This ought to go right back into your accounts. I know you are keeping track of them because I saw the cost statement. They get, on a daily basis, what it is costing each one of these agencies for what they are doing.

Thank you very much, Mr. Chairman.

Chairman BYRD. Thank you, Chief.

ADDITIONAL COMMITTEE QUESTIONS

There will be additional questions submitted for the record and I would appreciate a prompt response.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

RESEARCH - WEST VIRGINIA

The research that is ongoing in West Virginia has impacts that reach far beyond the laboratory walls. I am committed to doing what I can to help West Virginia develop methods that will make it easier to convert the natural resource of timber into more than just a raw material export.

One of the research programs at Morgantown is doing work on the integration of timber management with other activities on the same forest.

1. Question: How many persons now work at each of the three research locations in West Virginia?

   Answer: (The table follows:)

FOREST SERVICE RESEARCH IN WEST VIRGINIA

Location	Staff
Morgantown:	25 permanent employees, 2 temporaries.
Parsons:	22 permanent employees, 4 temporaries, 5 others such as Older Americans
Princeton:	32 permanent employees, 4 temporaries

   While the permanent workforce is reasonably stable, the number of temporaries varies with the season and the availability of positions for the special programs such as Older Americans.

2. Question: Have new people been hired this year? How many? At which locations?

   Answer: Yes, new people have been hired or reassigned to West Virginia units this year. Some transfers out of West Virginia partially offset these increases:

Location	Additions	Losses
Morgantown:	3	1
Parsons:	1	1
Princeton:	1	0

3. Question: Is the FY 1990 funding sufficient to keep these individuals on the staff?

   Answer: Yes. The proposed FY 1990 funding is sufficient to keep these individuals on the staff.

I understand that a complement, or extension, of this research, would be to synthesize the biological, technical, wildlife, and recreation information into management systems which would enable managers to assess the consequences of choosing different forest management alternatives.

4. Question: What funding has been dedicated to this effort so far?

   Answer: In FY 1988 and FY 1989 we dedicated $420,000 each year to the program now called Integrated Management of Appalachian/Allegheny Forests.

5. Question: On what basis were these funds shifted with the station?

   Answer: Part of the funding each year came as a Congressional increase to Parsons, WV for timber management research. The remaining funds involved the time dedicated by researchers in Warren, PA; Morgantown, WV; Delaware, OH; and Broomall, PA to work on this program.

6. Question: From which research work units was the funding for this effort derived?

Answer: (The table follows:)

Location	Research Work Unit
Parsons, WV	NE-4101
Warren, PA	NE-4152
Delaware, OH	NE-4153
Morgantown,WV	NE-4751
Broomall, PA	NE-4801

7. Question: At the current level of funding, when would you anticipate that this information would be pulled together in a format useful to land managers?

Answer: At the current level of funding, we expect to provide a first-generation model of the silvicultural decision model for timber in 1991.

8. Question: Can this effort be expedited? By how much? At what cost?

Answer: Yes, the effort can be expedited. Delivery of the first-generation model could be moved up to late 1990 or very early in 1991. Most importantly, the complete second-generation model, which will be a silvicultural decision model for multiple resources with "what if" capability, could be completed in 1993 instead of 1995 or 1996. The cost would be $450,000 at Parsons, WV and $159,000 at Morgantown, for a total of $609,000.

The watershed project at the Parsons laboratory received funding last year from the Environmental Protection Agency for a $700,000, three-year grant to participate in a study on the effect of acidification on watershed quality.

9. Question: Aside from the EPA project, is additional equipment necessary at Parsons? What are the cost estimates?

Answer: Two major pieces of equipment are needed: a carbon analyzer at a cost of $22,000 and a directly-coupled plasma spectrophotometer at a cost of $90,000, for a total of $112,000.

10. Question: What are the equipment needs at other research units in West Virginia?

Answer: Equipment needs are shown below:

Princeton: A used minicomputer (MV 4000) needs to be purchased and upgraded to a 7800XP to access and hold all Princeton data bases. The cost would be $45,000. A new water system needs to be installed at a cost of $225,000. Total equipment/facility needs at Princeton sum up to $270,000.

Morgantown: Research Work Unit NE-4507 needs to remodel a basement room into a lab for gypsy moth studies at a cost of $15,000; to acquire weather, plant, soil sensors, and other similar equipment at a cost of $16,000; and to purchase a walk-in growth chamber for controlled environment studies on gypsy moth/tree interactions at a cost of $150,000. Unit NE-4702 needs a Personal Computer for design and analysis of harvesting equipment at a cost of $20,000. Total equipment/facility needs at Morgantown are $201,000.

11. Question: What is the ratio of lab technicians to scientists at Parsons? How does this compare to other laboratories?

Answer: At Parsons we have six scientists, two computer professionals, four technicians and two statistical assistants. Although the scientist/technician ratio varies considerably with the type of research being pursued, the situation at Parsons is close to the average for similar Forest Service research programs elsewhere.

12. Question: How do you measure accomplishments at the research laboratories? Is there an internal review process?

Answer: Accomplishments at laboratories are measured in a variety of ways, including scientific quality, extent of use, and benefits derived from use of the results. Productivity is measured by the number and types of publications produced and the number of workshops or other technology transfer activities. Peer review and the number and frequency of the outputs provide management with an unbiased measure of productivity.

Quality of the science is measured in additional ways. These include: peer review of papers and performance of individual scientists; evidence of successfully acquiring outside funds through competitive processes; evidence of the stature of individual scientists, such as invitations to give scientific papers or to serve on peer review panels; and awards or other forms of scientific recognition. Overlaying all these measures are the subjective evaluations by research managers, based on experience and input from users of the science and other scientists.

13. Question: Are research results documented and published? How are they disseminated? How do you determine their use and value to other parties?

Answer: Research results are documented and made available to users via publications ranging from highly technical scientific journals to trade magazines, presentations at meetings, and demonstrations at workshops. Forest Service Research hosts many workshops for the purpose of quickly transferring new information to clients. The use and value of our research outputs are measured through communication with client groups and individual users.

14. Question: Does the Forest Service have a long-range research plan?

Answer: The long-range plan for Forest Service Research is included within the Recommended Renewable Resources Program for 1985-2030 - 1985 Update. The Forest and Rangeland Renewable Resources Planning Act (RPA) of 1974, as amended, directs the Secretary of Agriculture to assess periodically the status of the Nation's forest and range resources and to recommend a Forest Service program for their management and use. The RPA Program recommends a course of action for the management and administration of the National Forest System, for Forest Service Research, and for assistance and leadership on private and State forest lands through State and Private Forestry programs.

A more detailed long-range plan for Forest Service Research is currently receiving special attention. This detailed strategic plan for Forest Service Research will be an integral part of the 1990 Recommended RPA Program.

15. Question: How are the research decisions determined?

Answer: Long-range research decisions for the 1985 RPA Program update were determined in light of future needs, historical research trends, and responsiveness to national policies. Panels of research users, as well as public and private scientists and managers, identified the highest priority research areas. Potential benefits of current and needed research efforts were compared with anticipated costs, and priorities were established.

Future decisions will be guided by the strategic plan currently being developed by and for Forest Service Research.

16. Question: What flexibility is allowed for changing environmental concerns and/or scientific breakthroughs?

Answer: Flexibility is allowed through annual reviews of the research program and through the annual budget process. In addition, Research annually identifies Priority Research Programs to reflect emerging research needs as a result of changing environmental concerns and resource

management issues. These particular programs then receive emphasis in the budget proposal.

Chief, last year you told the Committee that the gypsy moth research was a high priority, and that the gypsy moth was one of the biggest threats to the forests in West Virginia. Yet, the Fiscal Year 1990 budget proposes a reduction of $374,000 for gypsy moth research in Morgantown and another $101,000 at Hamden, Connecticut.

17. Question: How many acres have been surveyed under AIPM?

Answer: Male gypsy moth traps were used in detection surveys throughout the entire 12.8-million acre AIPM area. Gypsy moth egg mass surveys were conducted on approximately 640,000 acres.

18. Question: What was the cost to treat this acreage?

Answer: The cost is estimated to be $910,000 for the 50,000 acres requiring treatment in FY 1989.

19. Question: Were any of these in the AIPM demonstration area?

Answer: All of the area referred to in question 239 is within the AIPM demonstration area.

20. Question: What treatment or intervention will likely be necessary next year, i.e. Fiscal Year 1990?

Answer: At this time we do not know how much treatment will be necessary in FY 1990, since surveys to determine numbers of acres to be treated are done in the summer and fall. However, we anticipate that treatment needs will probably increase in 1990 over the 50,000 acres planned for treatment in 1989. Improved trend data and intervention methodologies for low level populations will enable us to treat additional acreage to retard the spread of the insect.

Chief, I am concerned that the Federal government is making it difficult for the States to plan sufficiently for a program that involves cooperation when we have this roller-coaster effort from the Federal government.

21. Question: How can we realistically expect the States to put aside the necessary funding for cost-shared projects when the Federal partner hasn't requested the dollar in the first place?

Answer: The AIPM program has never been included in the Administration's budget proposal and continues at the special request of Congress. States are not required to share the costs of AIPM project expenses. The Administration's decision to reduce the request for cooperative suppression funds reflects the belief that State and private forest land managers should provide a greater share of the funding required to protect high priority forest resources.

22. Question: Of the total $5,600,000 provided for AIPM in Fiscal Year 1989, how much is being spent on personnel? How many staff (FTE's) are involved?

Answer: Approximately $1.785 million will be spent in FY 1989 on salaries. There are 47 PFT employees employed by the Project and 82 temporaries. The temporaries represent approximately 41 FTE's for a total of 86 FTE's.

23. Question: Have additional staff been hired this year? How many?

Answer: Twenty-two additional PFT's were hired in FY 1989. There are now 47 PFT's working on the Project. Sixteen are Forest Service employees; 31 are State employees of which 17 are in West Virginia and 14 are in Virginia. Of the 16 Forest Service employees, 5 are being reassigned to

other Forest Service duties since their original assignment with the Project was to develop the recently completed EIS.

24. Question: What are their responsibilities? Does this meet AIPM's requirements, or are additional staff necessary?

Answer: The Forest Service had a net gain of one new PFT in 1989. This new employee serves as an assistant field coordinator for activities on the Monongahela NF. The new PFT's in each of the States are engaged in planning and carrying out field activities that cannot be accomplished using temporary personnel.

Two additional Forest Service PFT positions and five temporaries are being considered. One PFT would serve as an assistant to the Project Leader, the second PFT would serve as an assistant field coordinator for activities on Federal lands in Virginia, and five temporaries would be responsible for collecting habitat data and conducting methods improvement evaluations. No other additions are contemplated at the present time.

25. Question: Will you have to terminate the employment of all these people given the budget request of $0 for AIPM?

Answer: Not immediately, since we anticipate a carryover of FY 1989 funds of about $2.4 million. After the $2.4 million is used all personnel, except for those detailed to the AIPM project, would be terminated. In a few cases, re-assignments to other tasks might be possible.

26. Question: Where are the present staff assigned? Are they all at Morgantown?

Answer: With the exception of a small Program Management staff in Morgantown, the staff is located throughout the AIPM project area. Below is a breakdown of staffing and general location:

UNIT	LOCATION	#PFT	#TEMP
State employees			
West Virginia	Regions	17	24
Virginia	Counties	14	13
Federal employees			
Program Management	Morgantown, WV	6	0
Regional Office	Atlanta, GA	2	0
Monongahela NF	Elkins, WV	2	15
George Washington NF	Harrisonburg, VA	1	18
Jefferson NF	Roanoke, VA	0	6
Shenandoah National Park	Luray, VA	0	5
Blue Ridge Parkway	Asheville, NC	0	1
EIS Team*	Atlanta, GA	5	0
TOTAL		47	82

*EIS Team has completed their work. Personnel are being re-assigned to other tasks within the Forest Service.

27. Question: What has been the level of cooperation on AIPM between the Forest Service and the States of West Virginia and Virginia?

Answer: The level of cooperation with all cooperators is excellent. State and Federal representatives meet regularly to plan and evaluate activities of the AIPM program. The completion of the EIS and the signing of the Record of Decision affirmed the support by the cooperators for the project.

HARDWOOD TIMBER BRIDGES

In last year's report language, the Senate directed the Forest Service to incorporate the use of timber bridges into its own road program.

28. Question: What has been the experience to date with the installation of such bridges?

Answer: Timber bridges are durable, safe, easy to construct and maintain, aesthetically attractive, and usually cheaper. They can also create new markets for an under-utilized renewable resource. Their potential use of locally available materials and labor can provide support for local economies in many parts of the country.

29. Question: Aren't these bridges cheaper than the steel and concrete structures?

Answer: Our experience indicates that initial costs for short-span single lane timber bridges that are less than 50 feet are generally less costly than steel and concrete. Steel and concrete may be less expensive for longer spans and double lanes.

30. Question: How many timber bridges will the Forest Service build in FY 1989? At what cost?

Answer: The Forest Service will construct 73 road bridges and 127 trail bridges using timber as the principal material in FY 1989. The total cost of these bridges is estimated to be approximately $6.4 million.

31. Question: What would have been the cost if these bridges had been constructed using the traditional steel and concrete?

Answer: The existing standard design methods produce timber bridges that are cost competitive with steel and concrete. In 1989, the cost of timber bridges all sizes and lengths was similar, or marginally less expensive, than other alternatives. This cost difference would have been greater had our engineering personnel been more familiar with timber bridge technology.

32. Question: What are your plans for Fiscal Year 1990 regarding the use of timber bridges in the National Forest System road network?

Answer: We plan to follow our Industry/Government Timber Bridge Technology Transfer Plan which calls for an increase in the use of timber in our bridge program.

SENECA ROCKS VISITOR CENTER & CAMPGROUND

Chief, as you are aware, the flood in November of 1985 devastated parts of West Virginia. Within the Forest Service, the Parsons Watershed and Timber Management Laboratory, the Cheat Ranger District Office, and the area around Seneca Rocks were hit particularly hard. But, with some emergency funding and a great deal of dedication and hard work on the part of the people there, these facilities are up and going. The Visitor Center and Campground at Seneca Rocks are two examples.

33. Question: What would be the operating costs associated with keeping the Visitor Center open all year?

Answer: The cost to keep Seneca Rocks Visitor Center open year-round would be $265,000.

34. Question: Please provide the different costs associated with weekends only from December through April, and the costs associated with five days a week, November through May.

Answer: The cost to keep Seneca Rocks Visitor Center open weekends only from December through April would be $10,000. The additional cost for keeping the Center open weekdays from November through May would be $198,000.

TIMBER AND MINERAL RECEIPTS

In addition, beginning in Fiscal Year 1990, the Administration proposes to meet future firefighting expenses from timber and mineral receipts, which would otherwise go to the States. I understand that part of the logic within the Administration has been to argue that since the States share in the receipts generated from Federal lands, it is only fair that they share in the cost of protecting these lands.

35. Question: How did the Forest Service calculate the reduction each State would incur?

Answer: The amount of reduction would be proportional to the amount of timber and minerals receipts generated.

36. Question: Did that calculation, in any way, take into account the historical incidence of forest fires of the number of acres of public lands in each of those States?

Answer: No. In most cases, higher-valued public resources also require more protection in order to maintain their value. Incidence of fire occurrence and acreage burned are not directly correlated with presuppression or suppression costs. Values at risk, fire behavior, and fuel type are the primary determinants of the expected fire protection needs and suppression costs.

37. Question: Could you tell the Subcommittee, then, how this proposal achieves fairness, when it appears to be nothing more than a number-crunching exercise?

Answer: The proposal is fair in the sense that costs are proportional to timber and mineral receipts, which represent nearly 90 percent of receipts, and that protection and suppression are proportional to needs. In almost all cases, those Forests which generate high timber and mineral receipts also require a high level of protection, and are expected to have high fire fighting costs.

38. Question: I guess if we are to take this proposal to its logical conclusion, I should ask if the Administration is now prepared to reimburse the States for the costs they incur in fighting forest fires on their lands?

Answer: The Federal Wildland Firefighting proposal uses revenues generated from federal lands to protect federal lands. Protection of State and private lands is a State responsibility based on State priorities, and hence their responsibility to fund. For other than local mutual aid situations, when State fire fighting resources are used to support federal fire suppression efforts on federal lands, they are reimbursed for costs incurred.

39. Question: Where did this proposal originate -- did the Forest Service propose it?

Answer: This proposal is one of the President's policy initiatives to provide up-front funding for the fire protection program. The idea of having a permanent indefinite appropriation has been around for some time and has been considered by Congressional staff as well as within the Executive Branch. The idea of offsetting fire program costs from receipts first appeared in President Reagan's initial budget allowances to the cabinet agencies.

40. Question: Do you know if the new Administration is taking a second look at this proposal?

Answer: The Bush Administration supports the proposal and recommends that it be enacted.

41. Question: Can you describe, generally, the kinds of activities the States fund with these receipts?

Answer: These receipts are shared with States to benefit public schools and public roads in the county or counties within the National Forests.

FIREFIGHTING CREWS - 1988

42. Question: How many firefighting crews were dispatched in Fiscal Year 1988 to address fire emergencies?

Answer: Nearly 1,350 crews were mobilized through the Boise Interagency Fire Center in support of large fire situations in 1988.

43. Question: How many different National Forests did these crews come from?

Answer: Nearly all National Forests and 42 States sent crews during the peak of fire activity.

44. Question: How many were dispatched from the Monongahela National Forest?

Answer: Four crews from the Monongahela were dispatched to the western fires.

45. Question: What is the effect on the ground, for example, when crews are removed from their normal responsibilities to address needs elsewhere?

Answer: Accomplishment of tasks and the level of fire protection are affected when local crews are dispatched. The degree of impact is directly related to the extent and duration of off-unit assignments. Back-up personnel can be brought on to fill in behind those who have been dispatched elsewhere when necessary.

46. Question: How do these dispatches affect a forest's ability to implement its land management plan for a given year?

Answer: Extended dispatches impact a Forest's ability to accomplish activities and targets. The ability to fill in behind personnel assigned off-unit can mitigate the impact somewhat, however, the cumulative impact of major fire seasons such as occurred in 1987 and 1988 on the accomplishment of annual plans of work was significant.

47. Question: What have been the fire expenditures in West Virginia for the last three years?

Answer: (The table follows:) Total fire expenditures (in thousands of dollars) for West Virginia on lands under National Forest System and State protection:

FIRE EXPENDITURES IN WEST VIRGINIA
(In Thousands of Dollars)

Source of Funds	FY 1986	FY 1987	FY 1988
National Forest System 1/	$307	$259	$627
State 2/	1,085	1,466	1,715
Rural Fire Prevention & Control 3/	140	140	140
TOTAL	$1,532	$1,865	$2,482

1/ Federal fire protection expenditures on lands under National Forest System protection

2/ State fire protection expenditures on lands under State protection.

3/ Federal dollars distributed to the State through the Rural Fire Prevention and Control Program for fire protection.

LAND ACQUISITION

President Bush intends to increase the FY 1990 budget request for land acquisition to last year's enacted level of $206 million. Congress has received no details of how this money would be requested by the agency.

48. Question: Can you provide any information about the amount of money that the Forest Service will be requesting for land acquisition for FY 1990?

Answer: The Administration has proposed a $206 million land acquisition program for FY 1990. Allocation of funds between the Forest Service and Interior is now being determined.

49. Question: Why is the development of this amended request taking so long?

Answer: The system for determining the priority ranking of tract/projects has taken longer to work out between the two Departments then expected due to the need to establish mutually-agreed upon criteria for selecting projects and the ranking considerations.

50. Question: Is the Forest Service preparing a priority list with specifically identified projects and related costs to justify the budget amendment?

Answer: The Forest Service is submitting a list based upon the agreed priority ranking system. The items on this list will be considered along with similar lists from the agencies in the Department of the Interior. Out of projects submitted by these agencies the Administration will submit a list recommending a $206 million L&WCF acquisition program.

51. Question: Are Forest Service priority projects going to be ranked against those from the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management?

Answer: Yes, the Forest Service priority projects would be ranked against those agencies within the Administration's budget of $206 million.

52. Question: Who will make the final decision - OMB?

Answer: It is our understanding OMB will ultimately have the final decision.

53. Question: What criteria are being used to rank one project against another -- is there an emphasis on recreation potential, or on protection of endangered species, for example?

Answer: Attached is a copy of the "Procedure for Compiling Federal Land Acquisition Priority List". The criteria considers, among other things, the need for the protection of endangered species.

54. Question: How were these criteria developed? Did the Forest Service have a role in selecting the criteria?

Answer: OMB initially submitted the criteria to both Departments for their review. The Forest Service had an opportunity to review and provide input into the final determination of the criteria.

55. Question: What are the specific criteria that you are using to establish land acquisition priorities?

Answer: The specific criteria the Forest Service is using to establish land acquisition priorities are outlined in the "Procedure for Compiling Federal Land Acquisition Priority List" (See answer #274).

56. Question: Is there any special consideration given to acquiring properties which are easily accessible to major urban areas, or conversely, how about land which is in remote, pristine areas?

Answer: There is special consideration given to acquiring properties which are easily accessible to major urban areas. There is no consideration for remoteness, but there is consideration for unique areas.

57. Question: Chief, in the professional resource judgment of the Forest Service, what priorities would the Service establish for land acquisition. Please provide me with a list.

Answer: The Forest Service would basically use the criteria now being used by the other agencies. However, because each agency's mission and land management objectives are different, we would propose minor changes. We would emphasize land acquisitions in the Congressionally designated areas (Wilderness, Wild and Scenic Rivers, National Scenic Trails, National Recreation Areas, Columbia River Gorge National Scenic Area, Lake Tahoe Basin, and other research and scenic areas). Emphasis would be placed on acquiring habitat for threatened and endangered species. We would emphasize acquisitions of unique natural, cultural and recreational lands especially those near large population centers. Areas where there is very little public land and high demand for more, like the Wayne National Forest in Ohio would be given consideration.

CONTRACT AIRCRAFT

Mr. Robertson, I understand that the Forest Service makes extensive use of contract aircraft to aid in its emergency firefighting efforts. In addition to these many contractual arrangements, the Service does have its own minimal fleet of aircraft.

58. Question: Mr. Robertson, how many aircraft are presently contained in the Forest Service fleet?

Answer: The Forest Service fleet contains 35 aircraft.

59. Question: How many of these are C-130A aircraft? How many were acquired through the excess property program from the military?

Answer: None of the Forest Service fleet are C-130A's. Four of the 35; two DC-3's, one Beaver, and one Merlin 11A were acquired through the excess property program.

60. Question: What have you done to address the safety concerns regarding the C-130A aircraft?

Answer: All C-130A aircraft supported by the Forest Service have undergone appropriate modifications and are fully airworthy.

61. Question: Have you explored the possibility of acquiring the C-130B model aircraft?

Answer: Yes. The C-130B aircraft would be a suitable aircraft for the mission of fire retardant application.

62. Question: Does the military make the C-130B model available through the excess property program?

Answer: No, this model is not currently available through the excess property program.

63. Question: For each C-130A that the Forest Service flies, how many are kept on the ground for parts purposes?

Answer: The private companies which receive title to and operate these

aircraft as airtankers will make decisions about cannibalization based on operational factors. We expect about 50 percent will be used for parts.

64. Question: How do you explain the use of C-130A aircraft for firefighting purposes, when the military won't sell it abroad because of safety concerns?

Answer: It is our understanding that a number of C-130A's have been sold to foreign governments in recent years. These aircraft have had the appropriate modifications, are airworthy, and have over 30 years of service with the Air Force.

ALASKA OIL SPILL

Chief, the Exxon tanker Valdez ran aground over two weeks ago. Much of the area immediately affected by the spill is part of the Chugach National Forest.

65. Question: What immediate and long-term threats does this oil spill pose to the forest, particularly with respect to fish and wildlife habitat?

Answer: Immediate and long-term threats to the forest are extensive. Effects on wildlife will be most significant with few local or migratory populations of birds and mammals escaping some impacts.

The fishlife most threatened by the spill are shellfish and estuarine fishlife, with significant long-term effects on clams and other marine life which inhabit the intra-gravel environment of the beaches. Commercial fisheries are being, and will likely continue to be, impacted because of documented or suspected contaminated fish and feared depletion of parent stocks due to habitat degradation and toxic effects of the oil spill.

In addition the spill has covered prehistoric artifacts on beaches in Prince William Sound, making their recognition as historically significant sites difficult. Stratified archeological sites extending out into the intertidal zone may become so saturated with oil that carbon dates derived from samples in this zone will be unreliable.

Wilderness characteristics of the Nellie Juan-College Fiord Wilderness Study Area have been degraded and long-term affects are uncertain.

The threat to recreation is significant, long-lasting, and critical to the economy. The tourist industry is already reporting major cancellations. The rural communities in Prince William Sound which depend on subsistence lifestyles, as provided by the Alaska National Interest Lands Conservation Act (ANILCA), will be severely impacted. The affected resources most used for subsistence include: deer, bear, vegetation, and firewood. The long-term impacts depend on the recovery of populations and the success of the cleanup operations.

66. Question: What specific actions has the Forest Service taken to address the threats posed by the spill?

Answer: We have been actively participating in the Regional Response Team coordination. We opened and staffed an office in Valdez shortly after the spill and have been working closely with the Coast Guard and other trustees to set priorities and evaluate appropriate beach cleanup methods. Archeological sites which require special attention during cleanup have been mapped.

67. Question: Does the Forest Service have a systematic plan to deal with these threats?

Answer: No, but we are developing a detailed assessment of the scope of work to be completed by our own agency and the associated costs. However,

Exxon is the responsible party and is developing a plan for dealing with these threats, with input and oversight by State and Federal agencies, including the Forest Service. The plan will outline in detail the short- and long-term recovery efforts designed to restore pre-spill conditions to Prince William Sound and other affected areas.

68. Question: What involvement has the Forest Service had with Exxon, the State of Alaska, and the other Federal agencies involved with the cleanup efforts?

Answer: We have been working through the National and Regional Response Teams to assist the Coast Guard On-Scene-Commander and Exxon in any efforts related to the spill. A Forest Service response team is stationed on Valdez and is deeply involved in coordination of the cleanup on a daily basis.

We have been working very closely with other Federal and State agencies in identifying high value fish and wildlife areas on the Chugach National Forest and developing tactics on how these areas can be protected.

We, along with agencies in the Department of Interior, are ready to mobilize large numbers of personnel as part of an interagency Incident Command System Team. Our wildlife biologists, hydrologists, archeologists, communication specialists, aviation specialists, and contracting specialists have been on the scene to assist with all aspects of the operation.

We will continue to assess the effects the spill has or will have on the environment, including wildlife and fish, recreation, soils, water, subsistence, cultural resources, and timber. We are also pursuing opportunities to conduct followup research on islands, such as Green Island, that have a considerable amount of baseline information. Finally, we will be inspecting cleanup operations to ensure established standards are met.

69. Question: What costs will the Forest Service incur as a result of your response to the spill? Do you plan to seek reimbursement from Exxon?

Answer: We estimate the cost of our response to the spill will be approximately 2.5 million dollars for the remainder of this fiscal year. This includes the costs of planning, coordination, and monitoring of cleanup operations. It does not include the costs of impacts assessment. We will be estimating long-range costs later this year, after we see how the cleanup progresses. We plan to seek reimbursement from Exxon for these costs.

We are currently planning impact assessment with other trustees. Costs for impact assessment are yet to be determined, and we plan to seek reimbursement for these costs as well.

70. Question: Does the Forest Service have the legal authority to accept funds directly from Exxon for this reclamation work, or would their payment go directly to the General Fund of the U.S. Treasury? What is the legal citation, if one exists, for accepting funds from Exxon?

Answer: We do have legal authority to accept funds from Exxon for both cleanup response and impact assessment. It's provided in the Granger-Thye Act of April 24, 1950 (16 USC 572), and the Cooperative Funds Act of June 30, 1914 (16 USC 498). Funds accepted under this authority would directly offset our costs and would not go to the general fund of the Treasury, but are deposited in a special treasury account to be used to offset our costs. Under this authority, the Chugach Forest Supervisor signed a collection agreement with Exxon on April 7.

Costs of impact assessment are to be reimbursed by Exxon under a Memorandum of Agreement currently being developed between Exxon, the State of Alaska, and the United States through the Department of the Interior, the Department of Agriculture, and the National Oceanic and Atmospheric

Administration of the Department of Commerce. This agreement is currently being negotiated. Pursuant to the Federal Water Pollution Control Act (33 USC), and the Comprehensive Environmental Response, Compensation and Liability Act (42 USC).

71. Question: What recourse do you have if Exxon refuses to pay?

Answer: If Exxon does not agree to pay for costs of impact assessment or cancels the current agreement for response to the spill, we would have to cover the costs of our participation with existing funds unless Congress appropriated additional funds for this activity. We would then file a claim against Exxon for our costs. Any funds collected under such a claim would go to the General Fund of Treasury.

QUESTIONS SUBMITTED BY JAMES A. McCLURE

For the past two years the K-V fund has generated $500 million more than was spent, yet the backlog of reforestation needs is above the desirable level of one million acres. I also note that the amount of K-V funds spent has increased from about $120 million in 1982 to a proposed level of well over $260 million in FY 1990.

KNUTSON-VANDENBERG

72. Question: Why has there been a backlog of reforestation and an excess of K-V funds?

Answer: The reforestation backlog as identified in the National Forest Management Act has been accomplished. The current needs have increased in the past two years as the result of fires and record levels of timber harvest. In FY 1987 and FY 1988, fires added 153,000 acres to reforestation needs. K-V reforestation expenditures follow about two to four years behind timber harvest, therefore collections increased during record levels of harvest. We anticipate increased expenditures for the next three to five years; and both FY 1989 and FY 1990 budgets show this increase.

73. Question: What are the requirements of the trust fund or timber sale contracts with respect to the scheduling of the reforestation work?

Answer: The K-V Act governing the trust fund does not direct the timing or the scheduling of the reforestation needs. Most of the trust fund work requirements are accomplished 2-3 years after harvest. Information contained in the timber sale operating plans is used to plan reforestation activities for timber sale areas.

74. Question: Is the Forest Service in compliance?

Answer: Yes - The Forest Service is in compliance with the K-V Act and with the National Forest Management Act that requires forest stands harvested with objectives of regeneration be reforested within five years.

75. Question: Should we assume that we are overcharging operators?

Answer: No. The current balance is a reflection of the large amount of resource work that needs to be accomplished on existing timber sales. This is a result of the record timber harvest of the past two years. If funds are found to be in surplus of needs, these funds are deposited in the U.S. Treasury. KV funds are part of payments for timber stumpage.

76. Question: Has OMB ever restricted your request for the use of K-V funds?

Answer: There have been no restrictions in the past three years or in the budget proposals we are now making.

A footnote (pg. 116) in the 1988 report of the Forest Service indicates that $114.1 million of K-V funds was authorized to be spent on reforestation in FY 1988. Only $88.7 million was spent. A similar situation exists with respect to K-V funds to be used for timber stand improvement (pg. 124). In FY 1988, $31.1 million was authorized, but only $21 million was obligated.

77. Question: Why? Previous estimates have been very close to actuals in this area.

Answer: Several factors have caused authority to be carried forward. Fire impacts are the largest cause. In KV reforestation, targeted work (planting) was completed, but untargeted work that could be deferred without serious disruption of the program, was rescheduled for the next fiscal year. In timber stand improvement, targets were not accomplished and both the targets and authority remain for the next fiscal year.

For the second year in a row, reforestation needs are expected to be above the desirable level of one million acres at the end of the fiscal year (pg. 5-70). The FY 1989 justification indicates that the Forest Service anticipated the balance of reforestation needs would be 1,213,000 acres at the end of FY 1989. The FY 1990 justification anticipates that the balance will drop to 1,168,000 acres at the end of FY 1990. The budget indicates that to return to the desirable level of one million acres, it will take three to five years. The Forest Service has requested an increase of $3.2 million (+14 percent) above the FY 1989 level for the Reforestation program in the National Forest System account.

78. Question: What are the problems associated with returning to the desirable level?

Answer: The primary problem is one of work scheduling so that areas will be site prepared and the required number of seedlings will be on hand. Forest employees need to have an indication of reforestation program levels two years in advance of work accomplishment so that tree seedlings can be grown in the nurseries and the required site preparation accomplished.

79. Question: Is the FY 1990 request the maximum efficient level for this program?

Answer: The FY 1990 K-V reforestation program is unconstrained. All of the acres that are available have been programmed. The amount of reforestation funded with appropriated funds could be increased by 16,000 acres at a cost of $6,400,000.

80. Question: Why are the projected needs anticipated to drop from 500,000 acres in FY 1989 to 465,000 acres in FY 1990?

Answer: The number of acres lost to fires and other causes is expected to be less than FY 1987 and FY 1988, and the harvest is expected to drop from 12.6/12.7 BBF to 12.2 BBF in 1990.

The annual report carries a chart (pg. 142) entitled "Certification of Reforestation and Timber Stand Improvement Acreage by Region". Comparing the reforestation portion of the 1988 chart to the 1987 chart, the number of acres planted dropped from 213,000 acres to 163,000 acres (-30 percent). The number of acres reforested naturally increased from 92,000 acres in 1987 to 123,000 acres in 1988 (+32 percent). These two changes nearly offset each other and the total number of acres reforested dropped from 311,000 acres in 1987 to 293,000 acres in 1988 (-6 percent).

81. Question: Why is there a drop in the number of acres planted and an increase in the number of acres reforested naturally?

Answer: As a result of the economic analyses in the Forest Plans, there has been a shift from planting to natural regeneration of forest stands.

82. Question: Is it due to the previous year's drought?

Answer: No, the drought reduced both natural and planted reforestation accomplishment.

83. Question: Were any seedling plantations destroyed in the fires?

Answer: Yes, 10,100 acres of plantations within Regions 5 and 6 were destroyed. The estimated value of the destroyed plantations exceeded $5,000,000.

TIMBER STAND IMPROVEMENT

In the FY 1988 annual report, there is a table which summarizes the National Forest System accomplishments compared to funded output levels. According to that table (pg. 99), 83 percent of the TSI work funded with K-V funds was accomplished. This is well below the five year average of 121 percent.

84. Question: Why did the percentage of work accomplished drop?

Answer: There was a decrease in the K-V Timber Stand Improvement accomplishments due to emergency work on fires. The demands of the severe fire season necessitated taking personnel away from their normal duties in order to suppress the fires.

85. Question: Since there is such a large unobligated balance in K-V, shouldn't this be higher than 83 percent?

Answer: Yes, there was a decrease in the K-V Timber Stand Improvement accomplishments due to emergency work on fires. The percentage accomplishment is determined by dividing accomplished work by planned work. Note: Most of the large unobligated balance in K-V has been advanced for firefighting.

86. Question: Should we assume that we are overcharging operators?

Answer: No. Funds are only deposited when a timber sale has a Sale Area Betterment Plan that describes how the work will be accomplished. The plan indicates the acres of work, the costs, and other requirements. The funding of the K-V activities in the Timber Sale contracts are included within the minimum price for the stumpage. As the purchaser pays for stumpage, a part of the fund deposited is set aside for KV work.

The Forest Service has established one million acres as a desirable level for Timber Stand Improvement. Unfortunately, the balance is expected to increase from 1,266,000 acres at the end of FY 1988 to 1,342,000 at the end of FY 1990 (pg. 5-72). This anticipated increase is partially the result of the FY 1990 budget request of $13 million (-54 percent). Accomplishments are anticipated to decrease from 350,000 acres to 274,000 acres.

87. Question: What is the long-term impact of ignoring the one million acre goal?

Answer: There is no long-term impact for the temporary increase in needs. The increase is due to the increased harvest for the past two years. However, if timber stand improvement is not accomplished, decreased growth will be the result. This will result in a need to adjust anticipated growth in Forest Plans and associated timber sale outputs.

88. Question: If the annual growth increases 15 to 25 percent for an acre treated, what is the lost value for not treating the other 76,000 acres?

Answer: As a minimum the benefits associated with the commercial intermediate and final harvests would be delayed 20 years. On the average, 6 million board foot of growth valued at $600,000 would be lost annually.

REFORESTATION/TIMBER STAND IMPROVEMENT PRIORITIES

In the FY 1989 budget you requested a decrease in the reforestation program of $7.5 million (-33 percent) and an increase in the TSI program of $3.4 million (+16 percent). In the FY 1990 budget you requested an increase in the reforestation program of $3.4 million (+14 percent) and a decrease of $14.9 million (-54 percent) in the TSI program.

89. Question: Why the shift between reforestation and TSI in your budget requests?

Answer: Within the limited budget constraints, the need to ensure that sufficient funding was available to do the fire related reforestation took priority over other Timber Stand Improvement activities.

ECONOMIC DIVERSITY STUDIES

In FY 1989, $500,000 was provided to State and Private Forestry for economic diversification studies (pg. 4-46). These funds were made available to local communities to enable them to review and attempt to maximize their economic potential. The Forest Service has awarded these funds to twelve different communities to perform a variety of diversification studies.

90. Question: Beyond the twelve which were funded, what was the response to your solicitation in number and quality of proposal?

Answer: Although we gave this program very little publicity, we received a total of 41 proposals. Twelve were funded, and an additional nineteen were considered worthy of funding.

91. Question: What were you looking for that you did not see in the proposals?

Answer: Several of the proposals lacked detail as to what they planned to do, how they would do it, and what would be the benefit from funding the project.

92. Question: Of these proposals which were funded, how do you feel the Forest Service should follow up with them in the future?

Answer: We have requested periodic status reports and an accomplishment report from each grantee when each project is completed. This information will be shared with Congress when all reports have been received. We need to work with communities for implementation.

93. Question: What is an efficient level of funding for this program in FY 1990?

Answer: The opportunities to spend money for this purpose are enormous; the issue is to what extent this is an appropriate Federal undertaking. There is no funding provided in the FY 1990 budget.

94. Question: If additional funds are provided in FY 1990, do you feel the communities with successful proposals in FY 1989 should be restricted?

Answer: If communities that have already received funding can show where additional funds could be effectively used, their proposals should be considered and evaluated based on their merit along with any new or additional projects.

TIMBER BRIDGES

In FY 1989, $3.35 million was provided for an initiative related to increasing the use of hardwoods in the construction of timber bridges (pg. 4-45), (the

initiative is managed by the Hardwood Timber Bridge Information Center in Morgantown, West Virginia). Of this amount, $2.0 million was for a demonstration program for construction of timber bridges. $1.0 million was to be used in West Virginia and the other $1.0 million was to be used in the rest of the country.

95. Question: What is the status of the demonstration project?

Answer: The West Virginia Highway Department is well under way with its plans to install 33 demonstration timber bridges this fiscal year.

96. Question: Have proposals been submitted and funds obligated?

Answer: Funds for the West Virginia bridges have been obligated. Funds for 46 approved demonstration projects outside West Virginia are in the process of being obligated.

97. Question: What are some of the advantages of timber bridges?

Answer: Timber bridges are durable, safe, easy to construct and maintain, aesthetically attractive, and usually cheaper. They can also create new markets for an underutilized renewable resource. Their potential use of locally available materials and labor can provide support for local economies in many parts of the country.

98. Question: Disadvantages?

Answer: Major obstacles we have to overcome are the shortage of engineers trained in timber design, and timber bridge designs that have not been generally accepted by highway officials. There are some practical limitations on timber bridge spans, but this is not a real disadvantage.

99. Question: Is the FY 1989 effort adequate to highlight the advantages?

Answer: The FY 1989 Appropriation provided for the establishment of a National Timber Bridge Information Resource Center in Morgantown, West Virginia; the installation of demonstration bridges in and outside of West Virginia; a limited amount of timber bridge research; and the provision of technical assistance to those in need. All of these efforts are well under way and should do much to highlight the advantages of timber bridges in the States that were able to participate in the 1989 program.

100. Question: If not, what is necessary?

Answer: The FY 1989 program has not been in operation long enough nor has it been evaluated sufficiently to address this question.

FEDERAL LANDS: INSECT AND DISEASE SUPPRESSION

During FY 1988, $16.8 million was provided for the Federal Insect and Disease Suppression program. These funds were used for suppression treatment on about 555,000 acres of National Forest System lands in order to protect 257,000 acres of merchantable timber (pg. 4-10). Comparing the FY 1988 program to the FY 1987 and FY 1986 programs, we seem to be spending a great deal more and treating more acres, yet we don't seem to be protecting any additional timber. The cooperative program does not appear to have the same problem (pg. 4-17).

Suppression Treatments/Federal Program

	Acres Treated	Cubic Feet Protected	Funding
FY 1988	555,000	257,000,000	$16,900,000
FY 1987	305,000	422,000,000	10,700,000
FY 1986	83,000	269,000,000	7,800,000

Suppression Treatments/Cooperative Program

	Acres Treated	Cubic Feet Protected	Funding
FY 1988	968,000	869,000	$10,500,000
FY 1987	716,000	903,000	12,200,000
FY 1986	699,000	557,000	6,600,000

101. Question: Are there some problems with this program that are making your job unnecessarily difficult?

Answer: No, the problem that existed in 1988 with cost was unrelated to the program itself. Cost increases in 1988 over previous years were related primarily to cost of contracting for spray aircraft for western spruce budworm suppression in the Pacific Northwest. Prior to 1988, spruce budworm suppression projects were smaller and costs for pesticides and spray aircraft reflected the competition for these contracts. In 1988, competition was lacking because all available contract aircraft were needed and contractors were operating in a seller's market.

Cooperative suppression costs were not affected because most of the western spruce budworm suppression project involved Federal lands.

You have requested an increase of $2.7 million in FY 1990 (+16 percent) for the Federal Suppression program (4-11). The justification indicates that the increase is necessary because in FY 1990 the Forest Service is assuming responsibility for the gypsy moth eradication program from APHIS.

102. Question: Does the FY90 request provide the same funding as the FY89 enacted level at APHIS?

The amount requested by the Forest Service for FY 1990 is an additional amount over and above previous budgets. (Of the $2.7 million in the FY 1990 request, $0.9 million is for gypsy moth eradication.) Although we have not requested funds for gypsy moth eradication prior to FY 1990, we have provided some funds to APHIS for gypsy moth eradication in recent years.

We understand that APHIS has received no funds for gypsy moth eradication in recent years and no funds are being requested by APHIS for gypsy moth eradication in FY 1990.

FOREST PEST MANAGEMENT: SPECIAL PROJECTS

You have requested to more than double the Special Projects portion of the Forest Pest Management program in FY 1990 ($1.211 million in FY 1989; $2.869 million in FY 1990). High priority will be given to implementing the Forest Service's strategic plan for improving and maintaining forest health.

103. Question: Can you elaborate on this strategic plan?

Answer: The need for the forest health strategic plan prepared by the Forest Service in 1988 was emphasized by the FY 1987 Congressional Appropriations hearing on the Forest Service budget, by expression of public concern, and by continuing evidence of pests in forests. The plan affirmed that the most feasible means of achieving forest health objectives are through silviculture and integrated forest vegetation management. Near term Forest Service activities will emphasize insects, diseases, and atmospheric deposition. Copies of the plan are available.

104. Question: Is the plan fully funded in the FY 1990 request?

Answer: Yes, for special projects. These will focus on pest impact model development to provide pest damage information for the forest management

planning process; aerial pesticide application technology enhancement to improve delivery of pesticides to target areas; pilot testing of biological pesticide formulations to improve the effectiveness of these materials; and intensified surveys to delineate and evaluate incidences of suspected atmospheric deposition effects on forested areas.

GLOBAL CLIMATE CHANGE

Some atmospheric models project a global atmospheric warming in the next 50 to 100 years. If these models prove correct, we could see major changes in our ecosystems. We know that there is a well established relationship between forest distribution and climate. The boundaries of forest ecosystems coincide with boundaries of climate zones.

105. Question: Have you analyzed global warming and our National Forests to better understand the benefits of reforestation after a timber harvest?

Answer: Reforestation, after timber harvest, provides for future forests and is necessary to maintain a continuous supply of timber for future generations. There are also benefits in mitigating the impacts of carbon dioxide buildup in the atmosphere and subsequent global climate change if carbon is removed from the cycle through sequestering the carbon in the form of long-term, durable forest products.

106. Question: How would the Forest Service react to a mandate to maximize carbon fixing?

Answer: Carbon can be considered as one of the forest and rangeland resources, along with water, wildlife and fisheries, or recreation. In fact, because carbon is the major building block of wood, carbon can be equated with the timber and soil resources in forest and rangelands. The Forest Service is charged with managing all of these resources under a multiple-use concept. If the Forest Service were to concentrate on maximizing any single resource, other resources could suffer.

107. Question: Is growing trees better for the atmosphere than old growth?

Answer: Yes. Uptake of carbon dioxide by plants is through the photosynthesis process, and is directly related to the amount of foliage on the tree, which has the affect of reducing the amount of carbon in the atmosphere. In young, rapidly growing trees, there is a net increase in carbon in the tree. In mature trees, the carbon given back to the atmosphere through respiration and decay nearly balances the carbon fixed in the photosynthesis process.

WOOD UTILIZATION

In every justification from FY 1986 through FY 1990, the Forest Service has included the statement that "on the average, operators lose about six percent of merchantable wood volume during harvesting because of poor or careless practices". The justification also indicates that technical assistance in timber harvesting substantially reduces the loss of quality and volume of wood due to improper harvesting (pg. 4-31).

108. Question: Is a six percent loss rate the best we can expect?

Answer: Losses as low as two-three percent have been achieved in the felling and bucking processes alone, but considering the handling and transportation that are also included in harvesting, six percent may be considered a realistic objective.

109. Question: What type of assistance do you provide?

Answer: Several computer-based programs for improving quality of work in logging have been developed, and are available to industry and other

agencies through our State and Private Forestry program. The Fell and Buck, Logged Area Analysis, and UCHEK Programs are among those designed to stimulate more efficiency in logging.

SEEDLINGS, NURSERIES, AND TREE IMPROVEMENT

The FY 1990 justification indicates that the 88 state forest nurseries, developed with Federal and State funds, produce about 36 percent of the total seedling production in the United States. This level of production is down from FY 1986 when the same nurseries produced 46 percent of the total.

110. Question: Has production decreased or is the size of the pie larger?

Answer: State nursery production is not declining. Between 1986 and 1987, total nursery production increased by 561 million seedlings.

MINERAL RECEIPTS

Comparing mineral receipt estimates in the FY 1989 and FY 1990 justifications, the estimates have risen dramatically (pg. 5-15). For example, the FY 1989 justification estimated mineral receipts would total $132 million while the FY 1990 justification estimates $184 million.

111. Question: Is that increase accurate?

Answer: During development of the FY 1989 program, the projected decrease in acres leased accounted for a loss of $6 million in revenues. An additional $13 million loss in revenues was based on declining oil prices ($13 per barrel) and expiration of leases. Instead, the price of oil increased to $18 per barrel and the price of coal and lead also increased. The combination of these factors account for the difference between the $132 million projected for FY 1989 and the FY 1990 projections of $184 million.

112. Question: Is all of the increase in precious metals?

Answer: No, the increase is not all in precious metals.

113. Question: Why hasn't the number of mineral cases also increased?

Answer: A greater number of cases processed increases opportunity for higher revenues, but a direct relationship does not exist. When the acreage leased declined, the number of cases processed also dropped. However, the leases with higher potential for development have been retained, and production has continued. Expired leases on producing operations have also been reissued in areas outside that affected by the Conner v. Burford decision. This has resulted in increased production even though fewer cases were processed.

114. Question: Does the FY 1990 budget proposal meet the needs of the program?

Answer: The 1990 budget is adequate to administer ongoing operations. However, the recent Conner v. Burford Decision in the Ninth Circuit Court has essentially brought all new leasing to a standstill within its jurisdiction. New leases are being issued in areas outside the Ninth Circuit but it is essential that approximately 80 forest plans be amended to incorporate leasing decisions and avoid similar effects in other areas. Amendment of the estimated 80 forest plans is estimated to cost approximately $20 million over a five year period. The Oil and Gas Reform Act of 1987 has also added new authorities, some of which can be addressed concurrently with the update of forest plans. Funding for this is not covered in the 1990 budget.

MINERALS

The Onshore Oil and Gas Reform Act of 1987 transferred full authority to the Secretary of Agriculture to approve and issue permits to explore and develop oil and gas leases on National Forest System lands from previous authority held by the BLM (pg. 5-15). The justification indicates the 1990 inventory is proposed to be eliminated as a result of the new authority. The FY 1988 ending inventory was 1,491 unprocessed cases. That number is down from the FY 1987 ending inventory of 1,571 cases.

115. Question: How can you eliminate the backlog with essentially level funding?

Answers: The statement that the backlog would be eliminated was an error. The new authorities gained through the Oil and Gas Reform Act provide the opportunity to eliminate the backlog, however, the 1990 program budget does not fully respond to this activity. The 1990 budget is adequate to eliminate the backlog in areas not affected by the Conner v. Burford decision and where forest plans need not be updated. However, the 1990 budget is insufficient to amend approximately 80 forest plans and incorporate leasing stipulations in order to avoid similar effects of the Ninth Circuit Court decision in other areas. Amendment of the estimated 80 forest plans is planned to occur over the next five years and estimated to cost approximately $20 million. The higher priority forests have been identified and are proceeding to shift funding fro other program areas and units to accomplish this work. The Conner v. Burford decision has actually served to increase the backlog as leases continue to expire.

116. Question: Is this a goal or does the FY 1990 budget really provide for the elimination of the backlog?

Answer: The goal is to eliminate the backlog through the new authorities gained and to resume leasing activities. The backlog cannot be eliminated until such time as Forest plans are amended to address oil and gas leasing activities within the intent of NEPA. Priority Forests have been identified and funding to address these concerns was redirected during the FY 89 allocation.

TIMBER RECEIPTS

Eight years ago the previous Administration began proposing to pay the States net timber receipts after program operation costs were deducted. This proposal was made annually by the Administration and was rejected annually by the Congress. Last year, the budget did not include this proposal. In FY 1990, the Administration has proposed to reduce payments to States out of an initiative to deduct Federal fire fighting costs from the total Federal Timber and Mineral Receipts. This would reduce the estimated payments for minerals by $70 million and timber by approximately $90 million.

117. Question: Since you are proposing that States help pay for fire on Federal land, would you support Federal funding of fires on State lands?

Answer: Protection of State and private lands from fire is a State responsibility based on State priorities, and hence is their responsibility to fund. We do not support changing this responsibility.

States benefit from Federal fire protection on Federal lands:

1) Timber and other revenue shared with the States would be less if not for Federal fire efforts to protect both the resources, and the facilities and structures that help to produce the resources; and,

2) When fire suppression actions are underway, Federal firefighting resources are often diverted to protect life and private property as

fires threaten privately-owned structures within or adjacent to park and forest boundaries. This greatly augments State and local protection--often times at no cost to those receiving the protection.

118. Question: For the record, please provide for FY 1986, FY 1987, FY 1988, and FY 1989, the ASQ (preferred alternative), offer volume (planned), offer volume (actual), volume sold, volume stayed, and volume withdrawn as a result of litigation.

Answer:

TIMBER
(MILLION BOARD FEET)

	FY 1986	FY 1987	FY 1988	FY 1989
Offer Volume Planned	11,430	11,235	11,476	11,505
Offer Volume Actual	11,668	11,474	11,348	n/a
Sold Volume	10,967	11,319	10,968	n/a
Stayed Volume**	229	194	319	1,187
Litigation Withdrawn Volume	n/a	n/a	n/a	n/a
Avg. Annual ASQ Volume*				10,822
Avg. Annual TSPQ Volume*				12,128

* Klamath National Forest Volume not included, Draft Environmental Impact Statement not completed.
** This information was not collected at the Regional or National level until this year.

LAND EXCHANGE

The FY 1990 justification indicates that completion of the recommended Land Exchange and Adjustment program could result in land line survey cost savings of $5 million (pg. 5-25). The FY 1990 request for this program is $1.5 million below the base level (-23 percent). As a result of this proposed reduction, 16,000 fewer acres will be exchanged and/or adjusted.

119. Question: What are the lost cost savings as a result of the budget reduction?

Answer: The cost savings lost in property boundary location will be about $902,000. In addition, potential cost savings that result from consolidation of landownership would be minimal.

120. Question: What was your request of OMB?

Answer: The Department Allowance was $7,097,000.

121. Question: Does OMB agree with your cost savings analysis?

Answer: Cost saving estimates were not a factor in the reduction.

TIMBER

In the last few months, there has been an explosion in the number of appeals affecting the timber sales program. In FY 1987, the volume scheduled to be sold, but stayed due to appeals and/or litigation, was 194 MMBF. In FY 1988, this number increased to 319 MMBF. In FY 1989, which we are barely halfway through,

the number grew to 1,187 MMBF (as of 3/1/89) and continues to grow. It was not possible for the Forest Service to meet the targets of the timber program established in the FY 1988 Conference Report. It is extremely unlikely that the Forest Service will do much better in FY 1989. As we move toward FY 1990, the story is not any better since the Forest Service will enter FY 1990 with less than sixty percent of the timber sales ready to go. To counter these problems, the Forest Service has taken action to streamline the appeal process, but the impact this will have on the program is unclear.

122. Question: Can you quantify in board feet the impact that the updated appeal regulations will have on the program?

Answer: No. The new appeal policy has not been in effect long enough to quantify the impact on the program.

A few weeks ago it was stated that to refill the timber pipeline to 100 percent, the $22 million provided in receipts would need to be retained in the base and an additional $70 million dollars over the next two years is necessary. In addition, some have said that an additional $25-$35 million is necessary to provide for 110-115 percent of timber in order to make the 100 percent target. It is becoming very clear that a fallout rate as a result of appeals needs to be built into the system.

123. Question: Are those figures still accurate?

Answer: Yes, the figures which you cite are still accurate.

124. Question: Won't you really need to move to 125 percent or 130 percent in order to take into consideration the NEPA fallout?

Answer: No. The proposal directs one year of timber sales prepared through field work at the start of the fiscal year. If we were at this level, we would have the flexibility to respond to normal NEPA challenges and still maintain the offer level.

125. Question: Do you intend to refill the pipeline to current levels or to the increment necessary to achieve ASQ?

Answer: Our intent is to refill to current levels.

126. Question: If that amount were funded over a two-year period, when would the pipeline be full?

Answer: The pipeline would be full at the end of the second year.

127. Question: From the President's request of $232 million (+12 percent) for Timber Sales Administration and Management, is an additional $22 million necessary as well as $35 million a year for the next two years to move the pipeline back to 100 percent?

Answer: Yes.

128. Question: Traditionally, entering a fiscal year on what amount of timber proposed to be offered has field work been completed?

Answer: On a national average, our goal has been to be one year ahead in timber sale field work. We last met that goal in 1986.

129. Question: When a President's budget is released in January, on what amount of timber proposed to be offered in the budget has field work been completed?

Answer: Approximately 48 percent of timer sale field work is completed by the time that the President's budget is released.

As the Interior bill moves through conference and analyzes the timber program, there are usually two simple rules that we follow after the amount of volume to

be offered is agreed upon: one, that the Forest Service has the ability to actually offer the amount of volume provided in the Act; and two, that the program provided for in a particular fiscal year is sustainable in the out years. It is obvious that a dollar appropriated for the timber program does not go nearly as far as it did just a year or two ago.

130. Question: Do you agree? If so, can that be quantified?

Answer: Yes. The timber sale program mix has changed over the last few years. The program has increased from $185,561,000 (11.4 BBF) in 1988 to $232,835,000 (11.4 BBF) in 1990 for Timber Sales Administration and Management. The program is sustainable at the 11.0 BBF level.

The Federal Timber Contract Payment Modification Act, P.L. 98-478, provided purchasers the opportunity to "buy out" their contracts. These purchasers returned 9.7 BBF of which, approximately 7.1 BBF has been resold. Sales for FY 1990 will not have reoffered volume to reduce the cost of timber sale preparation; therefore, costs have increased.

Increased litigation and appeals have also reduced or stopped the sale of timber, which further increase costs.

131. Question: How have you adjusted your budgeting procedures to take into account the increased costs due to appeals/lawsuits and the NEPA process?

Answer: We have not adjusted our budgeting process. It is difficult to put an exact figure on the cost of appeals and litigation due to the ripple effect that each decision has on all of the sales in the pipeline.

132. Question: If the timber pipeline is fixed and the appeal regulations are in place, would it still be necessary to provide additional volume offered on the assumption of a continued fallout due to appeals?

Answer: Higher NEPA standards and appeals/lawsuits need to be considered as an increased cost of doing business.

133. Question: If so, how much? 25 percent?

Answer: It is not unrealistic to assume at least a 10-15 percent fallout rate for timber sales after much of work has been done.

134. Question: What additional offer volume is necessary to meet the annual average of ASQ? Ten percent?

Answer: Yes, about 10 percent additional annual offer volume is needed to meet the annual average of Allowable Sale Quantity (ASQ).

135. Question: Please provide for the record an analysis by region of the amount of offer volume necessary to ensure the annual ASQ is met.

Answer: The comparison of Regional average annual ASQ, in millions of board feet, along with average annual plan timber sale program quantity (offer) is:

REGION	Avg. Annual TSPQ 1/	Avg. Annual ASQ 2/
01	1,148	1,120
02	508	439
03	541	442
04	502	389
05	1,895*	1,650*
06	4,703	4,030
08	1,403	1,388
09	913	897
10	515	467
TOTAL	12,011	10,822

*Does not include the Klamath National Forest, since a Draft Environmental Impact Statement has not yet been filed.

1/ TSPQ, Total Sale Program Quantity, includes chargeable (ASQ) and nonchargeable volume planned for sale during the first decade of the plan. Budgets are based on TSPQ. Data is from 1/17/89 information and includes draft and final plans.

2/ ASQ, Allowable Sale Quantity, is the chargeable volume planned for sale during the first decade of the plan. Credit for ASQ is based upon sold volume, not offer volume.

EXCESS RECEIPTS

Bill language was included in the FY 1989 Interior Appropriations bill directing the Secretary of the Treasury to provide timber receipts in excess of the original estimate for FY 1988 to the Forest Service. The language directed the Forest Service to use these funds on a variety of programs. Some funds were reinvested in the timber program and others were provided for non-revenue generating commodities. The FY 1990 justification separates the funds for the various programs between receipts and appropriated dollars for FY 1989 and for the FY 1990 base. Comparing the FY 1989 and FY 1990 requests of the Forest Service, it appears that the receipts did not impair your FY 1990 request for the programs to which receipts were allocated. Generally, the FY 1990 request for programs to which receipts were allocated is either the same amount or above the amount requested in FY 1989.

136. Question: Should it be assumed that the FY 1990 budget requests funds in a manner which does not require an offset as a result of the excess receipts?

Answer: The funding was not reduced, but 271 MMBF of the timber sale offer target is based on volume prepared with excess receipts.

137. Question: Did OMB provide the Forest Service with the entire excess above the $791 million as called for in the Act?

Answer: OMB apportioned 75 percent of the excess.

138. Question: If not, why?

Answer: OMB decided that the best interpretation of the indefinite appropriation language was that Congress intended to make available only 75 percent of the excess in order to ensure that receipt sharing payments were not impaired.

139. Question: Please provide to the Subcommittee, at the earliest possible date, bill language which would provide the Forest Service with the full amount.

Answer: Language will be drafted and provided to the Subcommittee.

REOFFER

For the first time in five fiscal years, the Forest Service is entering a year where there will be no reoffer volume available (pg. 5-56). As you know, the Federal Timber Contract Payment Modification Act provided purchasers the opportunity to "buy out" their unprofitable timber contracts. Purchasers returned 9.7 bbf of previously sold but not harvested NFS timber. This returned timber was subsequently reoffered for sale during fiscal years 1986, 1987, 1988, and 1989. Due to a variety of economic and environmental considerations, the Forest Service has not decided whether to reoffer approximately 2.6 bbf of the returned timber. The amount anticipated not to be reoffered has grown annually. The FY 1987 justification anticipated reoffering 9.7 bbf, the FY 1988 justification anticipated 8.7 bbf, the FY 1989 justification anticipated 8.2 bbf, and the FY 1990 justification anticipates a total of 7.1 bbf was reoffered from FY 1986 - FY 1989.

140. Question: Why does the amount proposed to be reoffered decrease as timber availability decreases?

Answer: The amount of planned reoffer volume has gone down since 1987 due to the sales being more complicated. Those sales that were more complicated were reviewed and final volumes were developed in view of current environmental considerations. Reviews and appeals have changed sales and reduced timber volumes. The fire salvage sale program also delayed the reoffer of some sales, since some sales were lost or salvaged as the result of the fires.

141. Question: Shouldn't we be aggressively trying to market this timber?

Answer: Yes. The remaining reoffer volume will be made available in FY 1989 or 1990. There will be about 2.0 to 2.5 BBF of the buy back sales that will not be reoffered due to environmental considerations such as, the spotted owl habitat requirements and minimum management requirements.

142. Question: Can you compare the economic and timber situation during the period in which the Legislation was passed to the economic and timber situation of today?

Answer: The current timber market situation is better than at the time of the buy back legislation in 1984. The interest and inflation rates are lower, lumber prices and domestic and foreign markets are higher, and housing and remodeling starts have remained relatively high.

143. Question: Please elaborate on the 2.6 BBF that may not be reoffered. Is it all tied up with the spotted owl?

Answer: No, not all of the remaining 2.6 BBF is based on the spotted owl situation. Some of the remaining volume that has been appealed, has been set aside for minimum management areas; has been deleted from reoffer to meet coordination requirements for current environmental standards, or has been lost in the fires.

144. Question: Where is it? Is it still marked and available?

Answer: The remaining volumes are about 800 MMbf in Region 5, about 1.5bbf in Region 6 and about 200 MMBF in Region 1. The rest of the volume is in small amounts in four other Regions.

SALES PREPARATION

An increase of $9 million (+8 percent) in the sales preparation program for FY 1990 (pg. 5-62) has been requested. This increase is necessary because of the additional offer volume required in FY 1990 to offset the lack of reoffer volume.

145. Question: Since the increase necessary for this program is a result of the Federal Timber Contract Payment Modification Act, shouldn't this increase be part of the base adjustment?

Answer: No. The base was calculated by increasing the 1989 appropriation for Pay Act and for non-salary inflation. No other adjustments were permitted.

The FY 1990 Timber program proposes to offer 11.351 BBF for sale. Of this amount, funding is provided for 271 MMBF through the use of the $22 million which the timber program received from the excess receipts language. It was the intent of the excess receipts language for the funds to be used to refill the timber "pipeline". The budget proposes to use these funds to offer timber in FY 1990.

146. Question: If the appropriations process were to provide the Forest Service with a timber program similar to FY 1989 before the use of excess receipts, would the best use of those funds be for additional volume in FY 1990 or would a wiser investment be to keep the funding in the feasibility analysis stage or the planning (EA/EIS) stage?

Answer: The best use of those funds would be to keep funding in the feasibility analysis stage and (EA/EIS) stage.

147. Question: How much revenue do you anticipate generating with the 271 MMBF?

Answer: It is estimated that the total value of the 271 MMBF would be about $26-28 million.

HARVEST ADMINISTRATION

According to the justification (pg. 5-65), timber purchasers defaulted on 114 MMBF of high value timber sales. There are currently 1.1 bbf of unharvested high value timber under contract with termination dates in the next 1 to 3 years. The Forest Service will work to resolve these defaulted contracts in FY 1990. To address this workload, you have requested an additional $9 million (+16 percent) in FY 1990 for the Harvest Administration program.

148. Question: How does the 1.1 BBF relate to previous years?

Answer: After the completion of the buy-out in 1985 about 7.3 BBF of high-priced timber remained under contract. Approximately 3.0 BBF has been defaulted, most of which has been reoffered. Some of the more current defaults will be offered in FY 1990. Purchasers have harvested 3.2 BBF to date. Approximately 2.7 BBF of high-priced timber remained under contract at the beginning of FY 1987. Beginning in FY 1988 purchasers had 1.8 BBF of high-priced volume under contract.

149. Question: Do you anticipate a large amount of the 1.1 bbf of unharvested timber will be defaulted?

Answer: The current lumber market is strong and prices are good. If the good market continues, most of the high-priced volume will be harvested.

The current estimate for default is .2 BBF. If market conditions deteriorate substantially, as much as .5 BBF could be defaulted.

150. Question: If you anticipate the amount of timber harvested to decline slightly from 12.7 BBF in FY 1988 to 12.2 BBF in FY 1989 and the number of timber contracts or permits to remain level, can you elaborate on the reasons behind a 16 percent increase over FY 1989 and a 50 percent increase over FY 1988?

Answer: We feel that this funding level is needed to provide the necessary sale area inspection and contract oversight to prevent waste, fraud, and abuse. The FY 1988 and FY 1989 Timber Sale Administration budgets were reduced and funds placed in the Salvage Sale Fund to cover the cost of

administering fire damage sales. The FY 1990 program will be used to administer more green sales.

FISH AND WILDLIFE COST-SHARE

As part of the FY 1990 request for the Wildlife and Fish Habitat Management activity, you have requested $6.0 million for a challenge cost-share program (pg. 5-92).

151. Question: How do you plan to break those funds down between the various subactivities?

Answer: The table follows:

Anadromous Fish	$1,600,000
Inland Fish	$1,250,000
Threatened & Endangered Species	$ 600,000
Wildlife	$2,550,000
TOTAL	$6,000,000

TIMBER SALE ECONOMICS

On page 5-105 that there is a table indicating the direct economic value of the current and potential anadromous fish production on the National Forest System. There does not seem to be a similar table indicating the positive economic value of the potential of timber on Federal lands; nor the economic costs of the proposed decrease in the timber offer volume for FY 1990 from FY 1989.

152. Question: Why?

Answer: The Final Timber Sale Program Information Report (TSPIRS) will have a similar type of report that shows the total economic value of the timber sales program including the indirect values.

153. Question: What is the economic value of moving from ASQ (annual average for the first decade) to the long-term sustained yield capacity (as stated in the Forest plan preferred alternative)?

Answer: If the National Forests were to move immediately from ASQ (first decade) to long-term sustained yield capacity as stated in Forest plans, the economic consequences of such a move would probably be extremely adverse or negative. A rapid move would require harvesting on lands which, from an economic standpoint, are more and more marginal in nature. Assumptions made in Forest plans require that investments be made in moving stands from a unmanaged to a managed State over a period on time.

154. Question: What is the economic cost of moving the FY 1989 sustainable offer volume from 11.5 BBF to 11.0 BBF?

Answer: In terms of net revenues, before payments to States, about $27 million. This is based on a national average return (after cost) of about $55/MBF. (Source: 1988 Test TSPIRS Report).

RIPARIAN

A June 1988 GAO report analyzed the conditions of riparian areas on public lands. The results of their analysis indicated that while a number of degraded areas have been restored, much more needs to be done. GAO States that successful restoration involves specific solutions that take into account the type of

ranching operations and the specific characteristics of the areas (temperature, soil type, rainfall etc.). Because of the specifics of the areas and since it is unlikely that adequate funding can be provided in the near term, we must be more creative in our solutions.

155. Question: How would you feel about allowing the part of the grazing fee charged to be used by the rancher for riparian improvements?

Answer: Congress presently appropriates 50 percent of grazing fee receipts back to the Forest Service through the Range Betterment Fund. The Range Betterment Fund is to be used for on-the-ground range improvements associated with livestock grazing.

Forest Service direction already emphasizes riparian management when preparing new allotment management plans and use of available range improvement funding to restore and improve riparian areas in unsatisfactory condition due to livestock grazing.

156. Question: Do you currently have this authority?

Answer: We do not have authority for ranchers (grazing permittees) to personally utilize part of grazing fee collections for riparian improvements on the National Forests in the 16 Western States. We have this authority on the National Grasslands through the "Conservation Practice" (CP) program.

We do have authority to allow grazing permittees to spend their own private funds on National Forest range improvements.

157. Question: Do you agree with GAO's analysis that there are no technical barriers to improving riparian areas?

Answer: Yes, the technology is available to make significant improvements in riparian management. There are key workforce and budget factors that control the rate of improvement.

FOREST PLANS

Besides Regions 5 and 6, the majority of the Forest plans are final. At the request of the Subcommittee, the Forest Service has indicated it would cost about $2.5 billion to fully fund the plans. This is an increase of 70 percent above the FY 1990 request. The FY 1990 request is a little inconsistent in the amount of funding provided with respect to the plans. For example, the FY 1990 budget proposes to fund 48 percent of the amount called for in the plans for the Wildlife and Fish Habitat Improvement program and 91 percent of the amount called for in the plans for reforestation (appropriated program). To completely fund the plans, more creative solutions aside from simply utilizing additional federal dollars must be sought to provide the remaining 30 percent. There have been discussions on the Forest Service's ability to generate adequate revenues to fund the agency yet still meet the multiple use mandate. The excess receipts language provided in the FY 1989 Interior Bill is a step in that direction. One idea is to allow the Forest Service to keep revenues generated from the timber program for timber sold above the offer volume specified in the conference report every year. These would be provided back to the Forest Service in a manner similar to the formula used in the excess receipts language. Part of the funds would go back to the timber program with the majority going to non-revenue generating programs.

If properly funded at the start and handled correctly, a fund like this could be self-perpetuating and provide the Forest Service an opportunity to "fund the plans" which it currently does not have.

158. Question: What is your reaction to a fund such as this?

Answer: We believe that the spirit of the 1974 Congressional Budget and Impoundment Control Act and the Gramm-Rudman-Hollings Act, as amended, runs

against this sort of spending mechanism. These expenditures are budgetable and should be scrutinized within the Executive branch and the Congress and weighed against other needs. Only in a case of extreme and unpredictable need such as fire suppression is such indefinite funding justified.

There have been some complaints from industry in Idaho about the implementation of Forest plans. Now that the plans are final, some in the Forest Service are considering the need for site-specific EIS's before entry into a roadless area can be accomplished as contemplated in the Forest plans. To fund the EIS's, it has been suggested that the Forest Service seek financial support from the industry.

159. Question: Is seeking the financial support from the timber industry to perform EIS's Forest Service policy?

Answer: No, seeking financial support from the timber industry to perform Environmental Impact Statements (EIS's) is not Forest Service Policy.

160. Question: What are your directives or planned directives with respect to implementation of the plans?

Answer: Implementation of forest plans is the process of selecting, scheduling, budgeting, monitoring, and evaluating management practices. Forest Service direction on implementation of Forest plans is contained in Forest Service Manual 1922 and Forest Service Handbook 1909.12.

TSPIRS

The FY 1988 test of the Timber Sale Program Information Reporting System indicated revenues of the timber program exceeded costs by $690 million (before States and counties were paid $300 million). The 12.6 bbf harvested in FY 1988 provided 137,000 jobs and a total income of nearly $4 billion. This is the second year of the anticipated two years of tests on the TSPIRS system.

161. Question: When do you plan to give National direction to the forests to track and explicitly report the costs of processing timber sale administrative appeals and preparing litigation involving timber sales?

Answer: Current requirements are to report on 64 individual items for each National Forest in TSPIRS. We do not plan direction beyond those requirements.

162. Question: When will TSPIRS provide the exact cost of timber sale environmental documentation preparation on Forest Service timber sales?

Answer: TSPIRS uses each National Forest program as the cost center and does not track individual sales. The time and effort to record the exact costs of timber sale environmental documentation preparation would not be cost-effective.

163. Question: What would the TSPIRS's financial results look like if timber sales were designed solely to harvest timber in the most cost efficient manner?

Answer: Currently TSPIRS financial results are based on the most cost efficient manner to harvest timber within the goals and objectives of individual Forest plans. If timber sales were designed solely to harvest timber in the most cost efficient manner without regard for impacts to other resources, a higher percentage of the National Forests would have positive results in the TSPIRS statement of revenues and expenses. This would, however, also result in a higher percentage of the National Forests having negative results as displayed in the forest's TSPIRS economic account table.

164. Question: How does the Forest Service address the costs of multiple-use management in TSPIRS? For example, modification of timber sale harvest units can cause an increase in logging costs. Some of these costs are accounted for in the timber sale appraisal. Purchasers, however, reduce their bids to accommodate these environmental protection measures.

Answer: Reduction in bids by timber purchasers because of costs they will incur to accommodate environmental protection measures are reflected in TSPIRS through reduced revenue.

165. Question: How does TSPIRS address this reduction in timber sale revenues?

Answer: Handling these types of costs in TSPIRS through a reduction in timber sale revenue is the only accurate way of measuring the environmental cost.

Activists have appealed a large number of sales in the last several years.

166. Question: How are you ensuring that prospective timber sales are prepared and not discarded due to the fear of environmental appeal?

Answer: The Forest Service has accepted higher NEPA standards and appeals/lawsuits as an increased cost of doing business. We believe that the public must have ample opportunity to be part of the decision making process. It is not unrealistic to assume at least a 10-15 percent fallout rate for timber sales after much of work has been done.

There are those who are contemplating expanding TSPIRS beyond the timber program. Other programs whose financial information might be useful include outdoor recreation, watershed, wildlife and fish.

167. Question: What is the status of financial information for other programs either inside the Forest Service or outside the Service?

Answer: A concept outline for All Resource Reporting has been developed working cooperatively with GAO and four National Forests. The concept includes financial information and non-financial summaries. Additional study needs to be completed are the Protection and Stewardship programs and the Water Resource program during the remainder of FY 1989. Pilot testing is expected to begin in FY 1990.

168. Question: Please provide for the record an analysis of how the Forest Service Priority Research Program for Forest/Atmospheric Interactions supports the U.S. Strategy for Global Change Research prepared by the Federal Coordinating Council for Science, Engineering, and Technology for the President's FY 1990 budget?

Answer: The Office of Science and Technology Policy's Federal Coordinating Council for Science and Technology established the Committee for Earth Sciences (CES) to develop the U.S. Strategy for Global Change Research. The Forest Service, through the Department of Agriculture, has participated in the development of the strategic plan. The Department's plan and the Forest Service strategic plan are part of the national plan.

169. Question: How can research on the design and implementation of a Forest Service environmental monitoring network in the Intermountain and Rocky Mountain area contribute to the Global Change Program?

Answer: Monitoring of forest and rangelands is necessary to establish a benchmark from which to measure future change. Research on monitoring in the Intermountain and Rocky Mountain area will help establish protocols for an extensive long-term program of the health and productivity of forests and rangelands. Monitoring the multiple stresses from global change, air pollutants, insect and disease, fire, and drought is necessary in order to determine how to adapt to change or to mitigate the effects of change.

I understand you are proposing a comprehensive set of rules relating to oil and gas activities on Forest Service lands. I also understand you cite the Federal Onshore Oil and Gas Leasing Reform Act of 1987 as the authority for these proposed regulations.

As a member of the conference committee on that legislation, I am concerned that these regulations not establish two separate leasing systems -- one on BLM lands and one on Forest Service lands.

The conference report is specific and clear on this matter.

170. Question: What is the rationale behind these proposed rules?

Answer: The Forest Service proposed rules are not intended to establish a separate leasing system. They are intended to implement the existing system. Work on the proposed rules began prior to the Reform Act in response to a District Judge's Order to promulgate regulations. The Oil and Gas Reform Act directed the establishment of standards for reclamation and bonding consistent with those of the Bureau of Land Management.

Your proposed rules initiate a scenario which will allow no leases to be issued until the Forest Service determines the "suitability" for leasing. In this Senator's view, this goes far beyond the authority provided in the 1987 Leasing Reform Act. That Act merely states that, "The Secretary of the Interior may not issue any lease on National Forest System lands reserved from the public domain over the objection of the Secretary of Agriculture." We were quite specific during consideration of that legislation that this did no more than cement a procedure which had long been an acceptable and working practice.

171. Question: Can you comment on this?

Answer: The Secretary of Agriculture is responsible to make determination as to the issuance of leases. The suitability evaluations are intended to help make that determination and thus provide the basis and rationale on areas in which the Forest Service would object to leasing. In most cases the evaluation would be a part of the Forest planning process.

OIL AND GAS RESOURCES

172. Question: How do you propose to get the appropriations and manpower to make "suitability" decisions on 190 million acres? I understand that leasing has been delayed in past years because you have stated in various forest plans that you had insufficient personnel to properly consider oil and gas leasing.

Answer: The Agency did not intend to make suitability determinations on all 190 million acres. The intent is to make determinations where the potential for leasing exists concurrent with and supplemented by interest expressed by industry. Historically 10 percent to 20 percent of the National Forest System (NFS) has been leased. We believe this proportion represents the percentage of land area of interest to industry and our process in the proposed rules is designed to put the money and manpower in these higher priority areas. During the FY 1989 allocation, funding was directed to high priority units in an attempt to resume leasing in those areas. Similar actions will be taken during FY 1990.

173. Question: Wouldn't you have to agree with me that untimely delays in making "suitability" decisions would result in unauthorized "defacto withdrawals"?

Answer: Yes, that is consistent with several court decisions within the Tenth Circuit Court.

174. Question: As I read your proposed rules (Section 228.103), I get the impression that a lessee who pays good money for a lease in fact doesn't have the usual guaranteed right to exclusively explore and develop the lease. Am I misreading that?

Answer: No, this interpretation is consistent with that expressed by some others. We are proposing to do up-front NEPA analysis for suitability determination. This analysis will identify existing direction, evaluate a range of alternatives, evaluate surface and sub-surface resources, and identify the conditions by which it is reasonably expected that oil and gas operations might occur.

The lessee (operator) will be aware of the facts with which we developed our terms, and understand the terms of the lease and conditions within which he can expect to operate. We do not want to make lands available for lease that cannot be operated on. However, if we overlooked something or new circumstances exist, the agency reserves the right to disapprove an operation on part of a lease or the whole leasehold.

175. Question: If the lessee doesn't have that, then what it is getting is a "contingent right" so he can later negotiate with a forester who can say "No" any time the lessee submits an Application for Permit to Drill (APD). Is this correct?

Answer: No. The proposed rule does not allow local Forest Service officials to ignore the rights granted under the lease. Annually, we average over 300 exploration tests or development wells on Federal leases. Our experience has been that the lessee and the Forest Service have been able to work together and design projects meeting our mutual goals. Very few approvals are delayed beyond the normal analysis and approval period. Less than a half dozen cases have been delayed in the past few years. These were delayed due to public controversy resulting in litigation.

176. Question: How much money would you expect such a scenario to bring into the Treasury--or asked another way, how much revenue do you think would be lost to the Treasury?

Answer: It was not our intent to propose a "contingent right" and had we been able to convey our full intent to give good and valuable leases there would not have been a loss to the Treasury.

177. Question: Would you agree with me that your proposed rules (Section 228.108) on Bonds is excessive in view of the fact that leasees already have bonds with BLM and that foresters can set individual bond limits on each operation for its entire duration? Wouldn't such requirements essentially eliminate everyone except perhaps a few major companies from exploring on Forest Service lands?

Answer: The proposed rule does not require an individual bond for each operation. We proposed bonding in an amount sufficient to ensure reclamation of any one project. This proposal conforms with the existing BLM Regulation for bonding. Since the legislation was enacted in the past 30 months, we have no knowledge of local Forest officers requiring a bond in addition to what is required by the BLM. However, the agency agrees a careful reading of the proposed regulations could lead to this conclusion.

178. Question: Section 228.100(b) reads that these rules will apply to leases and operations conducted as of the effective date of the rules. From a legal standpoint, how can you impose these added costs for bonds and a multitude of restrictions on existing leases.

Answer: Operations on existing leases will be conducted under the terms of the lease.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

ARCHAEOLOGICAL RESOURCES

On public lands across our Nation, pot-hunters and other archaeological looters are digging through ancient Indian pueblos, historic Spanish shipwrecks, and the graves of Civil War soldiers and Native Americans, then stealing artifacts for a collection or sale. About 44,000 of the 136,000 known archaeological sites in the Four Corners States of New Mexico, Arizona, Colorado, and Utah have already been looted. In 1979, the Archaeological Resources Protection Act was written. It toughened the laws protecting sites on Federal lands and imposed criminal penalties for unauthorized excavation or damage of archaeological resources.

Last year two bills tightened the requirements of ARPA. One of them lowered to $500 from $5,000, the amount of damage the Government must show to arrest a pothunter as a felon. The law also makes it a crime to "attempt" to loot an artifact on Federal land. Further, it requires Federal land managers to develop educational programs to show the public the significance of our vast archaeological resources.

The second new law directs Federal agencies to develop plans and schedules for surveys of their lands to determine the extent of the archaeological resources on those lands. Each agency is also directed to develop procedures to report suspected incidents of looting.

In FY 1988, Congress raised the National Park Service, Bureau of Land Management, and Forest Service budgets for cultural resource management by $1.6 million, with another $1 million for the Department of Justice to prosecute pothunters. In FY 1989, Congress raised the budget for cultural resources management for the three agencies to $71.5 million.

Despite the strong directive and increased funding for resource protection from the Congress, there is poor organization and coordination of our Federal anti-looting program. We need to increase the cooperation and coordination between the Federal agencies that share the responsibility for protecting our cultural resources.

Recently, the National Park Service, the Forest Service, and BLM drafted a plan for the the establishment of an interagency working group in Albuquerque, New Mexico of law enforcement and legal professionals whose primary purpose would be to halt the illegal excavation and trade in artifacts. This would cost only $225,000.

179. Question: Does the Forest Service share my commitment to this effort?

Answer: The Forest Service shares Senator Domenici's commitment for the protection of cultural resources on the National Forests. The Forest Service, National Park Service, and the Bureau of Land Management, have an inter-agency working group on archeological site theft and damage which has been in operation for several years; a computerized database which keeps up-to-date listings of Notices of Violation; and criminal investigators respond to all known theft sites and evaluate potential for resolution and further investigation.

A new program for public education, "Windows on the Past", has been initiated to educate the public about the Nation's rich heritage and the need to protect this resource.

The Forest Service, through the Challenge Cost Share program, has become a partner with the Society of American Archaeology in sponsoring an anti-looting project to determine ways to reduce looting and provide opportunities for public education.

QUESTIONS SUBMITTED BY SENATOR DON NICKLES

WINDING STAIR MOUNTAIN NATIONAL RECREATION AND WILDERNESS AREA

I am proud to have played an integral role in the establishment of these newly designated forest areas in the Ouachita National Forest in LaFlore county, Oklahoma.

180. Question: Could you please provide an update on the development of Winding Stair since it was established in the last Congress (P.L. 100-499)?

Answer: The current program is primarily concerned with complying with sections of the Act which require changes in the Ouachita National Forest management plan, preparation of maps and legal descriptions, and formation of an Advisory Committee. Cooperative Agreements have been signed with the Oklahoma Department of Tourism and Recreation and the Arkansas Department of Parks and Tourism. The Forest Plan has been revised as specified in the Act, and all timber sales within the new areas have been modified to use uneven-aged management as specified in the Act.

In particular, I am excited about Winding Stair's potential for increasing tourism, recreation, and economic development in this part of my State. My legislation authorized $15 million specifically for tourism and recreation improvements in these areas, with CBO-estimated outlays of $2.3 million in the first year of development.

In response to my request, Ouachita officials have prepared a list of priority, first-year projects which need to be funded in fiscal year 1990 to initiate development at Winding Stair. I have provided this list to both the chairman and ranking members of this subcommittee and to the Chief of the Forest Service.

181. Question: I would appreciate the comments of the Forest Service on this list as well as their plans to support these and other projects in fiscal year 1990.

Answer: No funding for FY 1990 to implement P.L. 100-499 was included in the President's Budget. The Act was passed after the budget proposals for FY 1990 had been submitted.

The Activities for which funds are requested are: Recreation Construction $1,003,000; Trail Construction $360,800; Recreation Management $588,500; and Wilderness $208,400.

The proposed increase would be used to construct and upgrade existing recreation facilities; construct trails and trailheads; mark boundaries; design and print maps and brochures, and provide for management and administration of the seven new special areas created by the Act.

The wilderness areas established by my legislation contain a number of private inholdings. As I drafted the authorizing legislation, I was concerned about the impact on these landowners with regard to fire, insect and disease. The Law authorizes the Secretary ro acquire these inholdings on a willing buyer, willing seller basis.

182. Question: Have any landowners with inholdings in the wilderness or other special areas contacted the Forest Service with regard to selling their property?

Answer: No such landowners have contacted the Forest Service offering to sell their properties.

183. Question: If the opportunity arose, does the Forest Service have adequate funds to obtain these properties on a willing buyer, willing seller basis?

Answer: No. All FY 1989 funds are committed and the FY 1990 budget amendment does not include funds for acquisition of wilderness inholdings. They did not rate high enough under the criteria used to set priorities.

184. Question: The State Department of Forestry in Oklahoma has responsibility for the protection of private forest lands from fire, disease, etc. Has the Forest Service contacted this office to develop plans for combating these problems?

Answer: Yes, through our State and Private Forestry unit in our R-8, Regional Office, we have contacted Oklahoma's State Department of Forestry. We have provided funds and technical assistance to them in all of our pest and fire protection areas.

I recently received a complaint from a constituent in LeFlore county regarding a $25 annual "hunter's access fee" being proposed by the Forest Service for areas such as Winding Stair, with the funds to be turned over to the Oklahoma Department of Wildlife Conservation. This "fee" supposedly will apply only to hunters, and not to other users of these public lands.

185. Question: I would like a full explanation of this proposal, a history of its development, and the federal authorization on which it is based.

Answer: The Forest Service has made no proposal regarding a "hunter's access" fee for the Ouachita NF in Oklahoma.

TIMBER RECEIPTS - PAYMENTS TO STATES AND COUNTIES

The administration has proposed deducting the cost of firefighting activities from timber and mineral receipts which are distributed to the States.

186. Question: What is the estimated impact of this proposal on timber receipt payments to LeFlore and McCurtain counties, Oklahoma?

Answer: Timber receipt payments to LeFlore County in 1988 amounted to $427,183; based on this figure, there would be an approximate reduction of $78,601. Timber receipt payments in 1988 to McCurtain County were $89,370 there would be a reduction of $16,444 based on that figure.

QUESTIONS SUBMITTED BY SENATOR WARREN RUDMAN

187. Question: What is the status of the Nash Stream Acquisition in New Hampshire?

Answer: The acquisition of the lands formerly owned by Diamond International was authorized in the last Congress by the New Hampshire Forest Management Initiatives Act of 1988. $5.25 million was appropriated. The Act required federal cooperation with the State of New Hampshire and the Nature Conservancy in assuring that the land is permanently protected from adverse development, is available for public recreation, and for timber harvesting.

Very close cooperation between the State and the Forest Service exists. The Forest Service has already acquired fee title to about 4,500 acres of land within and adjacent to the boundary of the White Mountain National Forest at a cost of $1,175,000. As to the remaining 39,500 acres of Nash Stream, we are in the process of acquiring a conservation easement from the State for approximately $3.95 million.

The easement terms have been agreed upon. Essentially, the easement will maintain the existing scenic and natural condition of the Nash Stream parcel while permitting public recreation and moderate timber harvesting with environmental constraints. The necessary appraisal is completed and the final step before closing will be to resolve certain land title issues. We expect this to be completed in the near future.

188. Question: What is the status of the Northern Forest Lands Study, and can it be completed in one year?

Answer: The Study has been underway for six months. The Forest Service has conducted public and private meetings and elicited expert opinions from interested parties. A vision statement has been prepared; a process has been developed to identify and map lands containing important resources; and an array of strategies to help realize the desired vision has been drafted. A draft report is planned by August, followed by a 3-month period for public review and discussion. The final report is scheduled in January, 1990.

189. Question: In light of the Nash Stream experience and the input you are receiving in the study process, what are the prospects for future land conservation efforts in Northern New England?

Answer: At this time there is considerable interest in New England to consider new partnerships between the States, private land holders and the Federal Government. The final study report will provide Congress an array of alternative strategies designed to protect the long term integrity and traditional uses of the New England timbered lands.

We have found the State of New Hampshire to be a willing and capable partner in the Nash Stream endeavor in sharing the expense and in assuming responsible long-range management of much of the land.

QUESTIONS SUBMITTED BY SENATOR MARK O. HATFIELD

TIMBER ISSUES

As you are aware, Region Six is facing its worst timber supply crisis in history. The Forest Service has had increasing difficulty with its timber sale program in Region Six as well as other areas across the country.

190. Question: Please provide the Subcommittee with a summary of the timber supply situation in Oregon, Washington, and Northern California as it stands today?

Answer: Please refer to the answers to questions 121-154.

191. Question: What obstacles (appeals, litigation, etc.) are hindering your ability to offer a stable flow of federal timber to timber-dependent communities.

Answer: Moving into more controversial areas--roadless areas, threatened and endangered species, and old growth--generates more appeals and lawsuits. In FY 1989, we have 196 timber sale appeals tying up 1.2 BBF. In R-6, we have 83 appeals tying up 640 MMBF. Appeals divert time and energy of Forest Service timber sale people from field work to paper work to deal with appeals.

Rising National Environmental Policy Act standards due to application of NEPA case law, more Environmental Impact Statements, cumulative effects, and dealing with scientific uncertainty, are the biggest factors creating delays in advanced timber sale preparation work. We have about 20,000 timber sales in the pipeline at any one time, of which about half have

completed environmental analyses. Therefore, each time NEPA standards change, our people have to redo work on 8,000-10,000 sales.

Specifically, I am interested in the following elements of the problem:

192. Question: What is your sale level for net merchantable timber in Region 6 for FY 1989? How much of that has been offered as of today?

Answer: The sale level for net merchantable timber in Region 6 for FY 1989 is 4350 MMBF (NET) and 4950 MMBF (GROSS). As of April 1, 1989, the amount offered was 1230 MMBF (NET) and 1398 MMBF (GROSS).

193. Question: In the worst case, how much timber do you expect to offer for the remainder of FY 1989?

Answer: Less than 1 BBF in Region 6 would be offered for the remainder of FY 1989 under the worst case scenario.

194. Question: Please provide me with an overview of the current judicial situation as it relates to national forest management in Region 6.

Answer: In lawsuits against the Forest Service, the U.S. District Courts in the State of Washington granted a preliminary injunction against the sale of 144 timber sales in spotted owl habitat on March 23, pending a June 13 hearing on the merits of the case. These sales include nearly 1 billion board feet of timber on approximately 18,600 acres. As part of his ruling, the Judge invited the plaintiff's attorneys to suggest more sales for addition to the injunction. If the injunction were continued and extended to all sales in this year's sale program that contain spotted owl habitat, 425 sales for a total of 2.5 billion board feet out of 4.95 billion board feet would be affected.

195. Question: How much federal timber has been enjoined by the courts?

Answer: Approximately 1.4 BBF of the FY 1989 sales is subject to the court's injunction.

196. Question: What percentage of your current sale program has been enjoined?

Answer: About 30 percent of the total Region 6 program has been enjoined.

197. Question: If the injunctions remain in their current form, how much of your FY 1989 sale program will be completed?

Answer: Approximately one-half of the FY 1989 sale program would be completed.

198. Question: What is your estimate of the impact of a judicial decision to list the northern spotted owl as a threatened or endangered species?

Answer: It is estimated in the Spotted Owl Environmental Impact Statement that the judicial decision to list the northern spotted owl as a threatened or endangered species could affect 3.2 billion board feet, of which 2.5 BBF would be in Region 6 and .7 BBF would be in Region 5.

199. Question: Have you begun the process of responding to such a decision?

Answer: Yes, we have requested the General Counsel to process an appeal of Judge Dwyer's preliminary injunction.

200. Question: What is the level of consultation and coordination between the Forest Service, the Bureau of Land Management and the U.S. Fish and Wildlife Service in this regard?

Answer: The Forest Service has carried out consultation and coordination at the highest level to reach a resolution that all parties involved could

accept. We have worked at the Regional Director level in the Pacific Northwest Region and at the Secretary level in the Washington office. There has been a high level of energy devoted to the spotted owl issue by the Department of Agriculture and the Department of Interior to reach a consensus and resolution that will allow both Agencies to move ahead with these programs. We refer you to the Interagency Agreement between National Park Service, Bureau of Land Management, Forest Service, and Fish and Wildlife Service that formalizes our coordination efforts. (Copy attached)

201. Question: Please provide me with the amount of National Forest timber currently under contract in Region 6.

Answer: On October 1, 1988, about 10 BBF of National Forest timber was under contract in Region 6.

202. Question: Does this figure compare with the historic average level of volume under contract?

Answer: The volume under contract has been on a decline since 1985. At the 1988 harvest rate, this represents a little more than 1.8 years of timber volume under contract.

203. Question: What is your estimate of the impact on the amount of volume under contract if the court injunctions remain in place, or if additional constraints are imposed?

Answer: Harvest is expected to deplete this volume by approximately 500 MMBF per month. Court injunctions are estimated to hold up 1.4 BBF in FY 1989 timber sales.

204. Question: What is your estimate of how quickly the amount of volume under contract will drop if the injunctions remain in place.

Answer: Harvesting would continue at 500 MMBF per month. There would be about 5 BBF - 6 BBF of volume under contract at the end of FY 1989.

205. Question: Is the current amount of volume under contract evenly spread throughout Region 6, or do some mills in some areas have more than others?

Answer: The volume varies by purchaser from as little as 2 weeks to 2 years under contract.

206. Question: What is your estimate of the impact of the current court injunctions on the economy of Oregon and Washington?

Answer: The current court injunctions would have a disruptive effect on the job market and the income and economy of Region 6. Our tentative estimates are that the injunctions could result in the loss of 42,000 jobs and $835 million in income to the Region 6 economy.

207. Question: What is your estimate of the impact on Federal timber receipts to the counties as well as the Federal Treasury?

Answer: Our estimate is that the Federal government would lose approximately $400 million over a two-year period. The loss in receipts to counties would be approximately $100 million.

208. Question: What is your estimate of the number of jobs which will be lost in Oregon and Washington?

Answer: Approximately 14,000 jobs in wood processing and logging and 28,000 indirect jobs would be lost in Oregon and Washington.

209. Question: What is your estimate of the reduction in personal income in Oregon and Washington?

Answer: The 42,000 direct and indirect jobs would produce about 1.1 to 1.2 billion dollars in income and about $150 million in federal taxes and $35 million in state taxes.

210. Question: Have you discussed this with the Internal Revenue Service or the Treasury Department to determine the potential short and long-term effects on income tax receipts to the federal government? If not, please do so.

Answer: No, we have not discussed the estimates of the impact on federal income taxes with the Internal Revenue Service or the Treasury Department, but will do so soon.

211. Question: Please provide the Subcommittee with the historic sale and harvest levels in Region 6 during the past decade.

Answer:

REGION 6

FISCAL YEAR	SOLD BBF	HARVEST BBF
1979	5.1	4.5
1980	5.1	3.6
1981	5.5	3.1
1982	4.6	2.5
1983	4.9	3.9
1984	5.0	4.5
1985	4.8	4.8
1986	5.1	5.0
1987	5.3	5.6
1988	4.9	5.4

212. Question: What is the impact of the current court injunctions on non-timber resource values such as recreation, reforestation, fire fighting, and wildlife management?

Answer: Impacts in these areas have not been determined to date. We do know that there are essentially no impacts on the reforestation program.

213. Question: What is your estimate of the impact of the injunctions on your future forest planning and management activities?

Answer: We are unable to make firm estimates at this time.

214. Question: How will you be able to complete the new land and resource management plans if the spotted owl is listed as threatened or endangered, or if worst-case injunctions are in place?

Answer: Unknown at this time.

215. Question: What is your estimate of the length of time it would take to develop an owl recovery plan which would allow resumption of timber harvesting?

Answer: No estimate exists. The Fish and Wildlife Service would be the lead agency for developing an owl recovery plan.

216. Question: Do you have any estimate of the amount of timber that could be offered for sale under such a plan?

Answer: The Forest Service could offer for sale about 3.5 BBF in Region 6.

217. Question: Do you believe it would be possible to offer federal timber for sale during the development of such a recovery plan for the owl?

Answer: Yes, but at a level of about 3.5 BBF.

218. Question: Could you please provide the subcommittee with a description of the Forest Service's timber sale preparation process?

Answer: Following is a description of the gates, i.e. steps, in the Forest Service's timber sale preparation process.

TIMBER SALE GATES

GATE 1. Sale preparation activities begin with the identification of the purpose and need for a project, a preliminary identification of issues, management concerns, interested outside parties and resource opportunities. The output is a Position Statement signed by a line officer.

GATE 2. Gate 2 or the NEPA phase, is the sale area analysis and design. The output is a decision to proceed with the sale and a record of decision.

GATE 3. Gate 3 includes the on-the-ground activities to delineate timber to be sold, to survey and design roads and to gather data for the timber sale contract and appraisal.

GATE 4. This Gate includes the appraisal of the timber, preparation of the timber sale contract and advertisement of the timber sale to solicit bids.

GATE 5. Gate 5 is the bid opening and timber sale auction.

GATE 6. When the award requirements are met, the Contractor and the Forest Service sign the timber sale contract and Gate 6 is completed. The timber sale then moves from timber sale preparation to timber sale administration.

219. Question: Under normal circumstances, how long does it take to prepare a tract of federal timber for sale?

Answer: Normally it takes approximately 3 to 5 years to prepare a tract of federal timber for sale.

220. Question: How much of your FY 1989 Region 6 timber sale program was prepared and ready for sale at the beginning of FY 1989?

Answer: About 48 percent of the FY 1989 Region 6 timber sale program was prepared and ready for sale.

221. Question: What volume of timber is currently ready for sale?

Answer: Approximately 3.5 BBF remain to be offered in FY 1989.

222. Question: Of this amount, how many of those sales are enjoined by the court orders?

Answer: About 1.4 BBF is enjoined.

223. Question: How many of the enjoined sales have been replaced with other sales that are not affected by the court injunctions?

Answer: None. Due to the lack of volume prepared in the pipeline, there is no opportunity to make this type of adjustment.

224. Question: What level of funding will be required in FY 1990 to refill the "timber sale pipeline" so that the pipeline will be 100 percent full?

Answer: Last fall our estimate for Region 6 was $30 to $40 million.

225. Question: Due to the injunctions on the sale of federal timber in Region Six, do you expect the FY 1989 gross harvest level of 4.9 billion board feet to be realized?

Answer: Even if the injunction is lifted, it will be difficult. If the injunction continues, the offer level cannot be met.

226. Question: Please explain to the Subcommittee how the federal dollars

appropriated for the preparation and sale of federal timber are expended when the timber sales are interrupted by administrative or judicial action.

Answer: Funds will be used on other sales to prevent or reduce the effect of the interruption on the outputs of the total program. Amount of funds in question will often not be significant as sales are typically interrupted in the last stages.

227. Question: Can these funds be used on other Forest Service programs or be held over and used in later years?

Answer: Unexpended FY 1989 funds may be carried over to FY 1990. We would most likely propose that we continue with the program by adding sales to the pipeline to maintain the program in the outyears, and to correct and update future sale area analysis work. Also, most appeals require a great deal of review and documentation which uses the same people and funds as for sales preparation.

228. Question: What administrative actions are you considering or pursuing under existing statute to lessen the effects of these problems.

Answer: None at this time.

OLD GROWTH

229. Question: Please apprise the Subcommittee on the progress of the old growth inventory you were directed to undertake in the FY 1989 Interior Appropriations Act. When can the Subcommittee expect an interim inventory, and when will the final inventory be available?

Answer: Last year in the Appropriations Bill we were given $500,000 to accelerate the inventory of old growth in Regions 5 and 6. A portion of this money has been expended to date to expedite the inventories for individual National Forests; the last of which is scheduled for completion in the mid-1990's. However, it is now apparent that the controversy surrounding the harvest of old growth and the related disputes over the estimates of the remaining amount of old growth requires us to take some interim steps to obtain better information before the scheduled inventories are completed.

Accordingly, we have examined a number of alternatives to obtain this information by the end of FY 1990 in consultation with various interest groups, other Federal agencies, and State agencies. We have concluded that the best approach to obtain this information in a relatively short time period is to primarily use LANDSAT imagery in conjunction with limited on-the-ground verification.

We expect that a preliminary report on the current status of the old growth resource will be available in December, 1990. The final report will be an ongoing process in which data will be gathered on a continuing basis until all forests in a given region have been fully inventoried under the current land and resources management planning program.

230. Question: Is there any indication that the amount of old growth remaining is significantly different from the Forest Service's earlier estimate of 6.2 million acres in Region 6?

Answer: Not by current Forest Service definition. Based on current inventories and anticipated harvest levels, old growth would still total over 5 million acres in R-6 in the year 2000. These estimates may change as new inventories are done and a new definition established.

231. Question: If the figure in your final inventory is significantly less, what is your view on the effect that information would have on timber management activities under the new management plans?

Answer: Current Forest Plans would be modified if there were significant differences between old growth inventories. Allowable Sales Quantity would be modified accordingly.

232. Question: Under future forest plans?

Answer: Any updated information would be incorporated into the planning process.

233. Question: What difficulty might the Forest Service face in integrating lower old growth volume figures into ongoing timber management activities?

Answer: Sale plans would have to be modified as the result of modified Forest Plans. The Allowable Sales Quantity and associated program support would most likely be changed.

234. Question: Would the new forest plans have to be amended? Or could adjustments in harvest be made in succeeding plans?

Answer: The new Forest Plans could be amended if the differences between the inventories were significant.

235. Question: In the context of your inventory work, please provide the Subcommittee with an overview of your related old growth research activities.

Answer: Current old-growth research activities in the Pacific Northwest related to inventory include:

- o Forest Inventory and Analysis on Private Lands. As part of the forest inventory of private lands in California, Oregon, and Washington, the amount and characteristics of old growth remaining on private lands is determined.

- o Characteristics and Definition of Old Growth. In order to determine the characteristics and definition for old growth, research on the Douglas-fir type has been conducted. This research was initiated five years ago and is largely completed.

- o Research Planning. In response to concern for information for policy and management decisions, plans have been developed in cooperation with the National Park Service and Forest Service, Region 6; 1)to conduct a map-based inventory of old growth in National Parks in Washington, Oregon, and California; 2) to determine ways to refine the use of satellite imagery for old-growth inventory; 3) to develop definitions and characterizations of old growth in remaining vegetation types of the Pacific Northwest, e.g., ponderosa pine, and true fir; and 4) to develop models to predict forest development to old growth of different characteristics.

- o Functional Studies: Several lines of research seek to determine the significance and importance of old growth to wildlife, plant life, and site productivity. These relate indirectly to old-growth inventory.

236. Question: What level of funding will be required in FY 1990 to retain your research activities at their current rate?

Answer: The level of funding to retain old-growth inventory-related research activities at the current level includes the following in addition to that proposed in the FY 1990 President's Budget:

- o Forest Inventory and Analysis, Portland, Oregon. $936,000 to shorten the inventory cycle from 16 years (President's Budget) to 10-year (current).

- o Functional Studies, Olympia, Washington. $892,000 to determine the relationship of several wildlife species to old growth in order to relate wildlife to old-growth inventory findings.

237. Question: Please provide the Subcommittee with a progress report on the Coastal Oregon Productivity Enhancement (COPE) Program.

Answer: The Coastal Oregon Productivity Enhancement Program or COPE, is a 12-year cooperative research and technology transfer program. It is designed to provide resource managers and the public with new information regarding the integrated management of multiple resources such as fish, timber, water, and wildlife in the Oregon Coast Range.

Currently, there are 23 research studies underway involving 37 Forest Service and Oregon State University scientists. In fiscal year 1990, we anticipate that the number of studies will increase to 39 and that our activities in technology transfer will intensify. In just 2-1/2 years, we have made significant progress in landslide research, questions of critical fish habitat, the identification of wildlife communities in riparian areas, and minimizing smoke emissions from prescribed fire. We have also increased our understanding of competing vegetation which causes significant growth loss in young conifer stands.

238. Question: It is my understanding that the Administration's FY 1990 budget request seeks to reduce the COPE program by $106,000. In your view what effect would chis reduction have on your ability to apply research results in your on-the-ground management activities?

Answer: A loss of $106,000 for the COPE Program in FY 1990 would mean a reduction in regeneration-related research in the Oregon Coast Range. The proposed decrease would mean that some objectives for existing studies would not be accomplished. In addition, our ability to initiate new research, such as the effects of prescribed fire on long-term site productivity, would have to be reexamined.

239. Question: Is there an estimate on the impact of the annual sale quantity (ASQ) on Region Six's coastal forests?

Answer: No, not at this time. The ASQ's developed through Forest Planning are not based on COPE improvement projections.

240. Question: Please provide the Subcommittee with a report on your close-out activities of the Forestry Intensified Research (FIR) Program.

Answer: The Forestry Intensified Research (FIR) Program is nearing completion. The Fundamental phase (centered in Corvallis) ends on September 30, 1989, and the Adaptive phase (centered in Medford) is slated to end on September 30, 1991. In accordance with Congressional direction, federal funds for FIR are being shifted to the COPE Program (Coastal Oregon Productivity Enhancement) as FIR winds down.

All FIR projects are on schedule, and detailed reports are available which describe the progress to-date and plans for concluding the Program. A slide-tape program has been prepared describing the FIR Program, and a major reference book is being compiled which summarizes the major achievements in reforestation technology pertinent to southwest Oregon and northern interior California. The book is scheduled for publication in 1991 and will be provided to the committee at that time.

241. Question: Please describe how the results and data gathered from FIR have been utilized in the development of the new land and resource management plans for northern Region Five and Region Six.

Answer: Foresters and resource managers from both Regions 5 and 6 have been actively involved with FIR throughout its 10-year duration. Many of the individuals have participated in FIR-sponsored workshops, have assisted in planning and interpreting FIR research, and have actively followed the results of the Program through the FIR Report, a quarterly newsletter about the Program. Consequently, many of the advances in reforestation technology and forest management in general have been incorporated in on-going land management plans and silvicultural prescriptions.

Early results of FIR and related research were instrumental in maintaining a broad timber management land base for the Rogue River and Siskiyou National Forests, and FIR specialists were involved in reviewing the land classification criteria used by the Rogue. Advances in reforestation technology have also facilitated efforts to reclaim the areas devastated by the 1987 wildfires in southwest Oregon and northern California.

242. Question: There is no question that the controversy over the Northern Spotted Owl has greatly altered national forest management activities in Region Six. Accordingly, do you believe that the Administration's proposed reduction of $265,000 in FY 1990 for Spotted Owl Research is wise?

Answer: Spotted owl research is continuing research. Nationally, it was funded at $1,870,000 in FY 1989. We have already learned through this research that a pair of spotted owls typically moves through 3,000 acres of forest, not all of which is true spotted owl habitat. Since the initial submission of the FY 1990 President's Budget, the Forest Service has redirected funds within that budget to continue its overall program of spotted owl research at $1,943,000--the FY 1990 base level. This funding level permits continued emphasis on spotted owl as well as other high priority wildlife research programs such as old-growth wildlife and threatened and endangered species.

243. Question: Do you believe that there is still a significant amount of information on the spotted owl that has yet to be gathered and evaluated to assist you in your future planning and management activities? Or, is it your view that the body of data thus far gathered is adequate to justify the drastic adjustments being imposed by judicial actions in Region Six?

Answer: The spotted owl studies initiated in FY 1987 are now in the third season of data gathering. Synthesis of the data will begin when this season's data has been collected. Related old-growth issues are extremely complex. The Committee has provided funding in these areas in recognition of this complexity. Although the information we have to date is extremely helpful to future planning, it is not complete in the total scope of information needed to manage or resolve all aspects of the issue. We still need to gather new information on the spotted owl. Our program of research will:

1. Determine the suitability of large blocks of habitat in reserved areas such as wilderness.

2. Determine the effectiveness of different sizes and locations of designated habitat.

3. Improve the knowledge of relationships between habitat conditions and spotted owl populations.

4. Provide information upon which habitat standards and guides can be established or revised to improve overall management for population viability.

244. Question: It is my understanding that the Oregon Department of Agriculture is involved in a cooperative biological control program with the USDA Forest Service Research and Quarantine Facility in Hilo, Hawaii. What are the Forest Service's long-term plans for the operation of this facility?

Answer: The quarantine facility referred to is located at the Volcanoes National Park in Hawaii and is provided by the Park Service for Forest Service research on biological control of forest weeds using insects. The National Park Service Pacific Area Director is committed to providing the facility for Forest Service use for the foreseeable future. The Forest Service has no plans to reduce its current level of effort, which consists of one scientist, one senior technician, and three part-time technicians. The Forest Service role is to provide entomological skills and to take the lead in finding plant- and/or seed-eating insects that have the potential to provide effective biological control.

245. Question: The Administration's FY 1990 budget request proposes a $106,000 reduction in funding for ongoing research activities at the Starkey Experimental Forest near LaGrande, Oregon. Please provide the Subcommittee with the amount of federal funds expended to date for this research project.

Answer: Start-up Federal expenditures for this project have included approximately $568,000 for a deer- and elk-proof fence, $1,200,000 for radio-telemetry, around $1,000,000 in personnel costs, and miscellaneous capital expenditures of $250,000.

246. Question: What is the timeframe for completion of this project?

Answer: A 10-year data collection phase is planned beginning in fiscal year 1990.

247. Question: How will the proposed $106,000 reduction affect the gathering of baseline data critical to the project's success?

Answer: The planned reduction will retard the collection of FY 1990 field data and slow the pace of progress on this study.

248. Question: What is the status of the process leading to the development of wild and scenic rivers corridors for the rivers designated under the Omnibus Oregon Wild and Scenic Rivers Act of 1988?

Answer: The Forest Service is working closely with the Bureau of Land Management to design a common process to be used for all of the rivers established by the Act. A new position has been established in the Regional Office in Portland to lead the Wild and Scenic Rivers planning effort. Planning teams are being recruited and should be functioning shortly.

249. Question: Do you expect to meet the 12 month deadline for preparing these corridors?

Answer: We plan to meet the 12 month deadline for the establishment of river corridors as specified in the Act.

250. Question: If not, what problems are you encountering in this process?

Answer: No major problems have been encountered, and we expect to meet the deadline.

251. Question: Do you expect to require additional funding for the preparation of the river area corridors?

Answer: Preparation work on the river corridors must be completed by October, 1989, using funds available in the current fiscal year. No additional funds will be required, as lesser priority activities will be postponed or dropped.

252. Question: What progress is the Forest Service making in establishing a process for evaluating rivers designated for study under Section 5(a) of the Wild and Scenic Rivers Act of 1968, as amended?

Answer: The process for evaluating study rivers for Wild and Scenic River designation is established in Chapter 8 of Forest Service Handbook 1909.12, and in the U.S. Department of Agriculture and U.S. Department of Interior Interagency Guidelines of 1982.

253. Question: Do you anticipate requiring additional funding in FY 1990 to meet the requirements of the Wild and Scenic Rivers Act with regard to the preparation of wild and scenic corridors, river studies, or wild and scenic river management plans?

Answer: No additional funding will be required in FY 1990 to meet the requirements of the Wild and Scenic Rivers Act.

254. Question: What additional human resources are required to meet your responsibilities in this area?

Answer: We will use our existing human resources to meet our responsibilities in Wild and Scenic river management. Some contracts may be awarded for planning.

255. Question: Has the Forest Service acquired lands or interests in lands through its condemnation authority under the Wild and Scenic Rivers Act anywhere in the U.S. during the current fiscal year?

Answer: No. None have been acquired by condemnation in the last 5 years.

256. Question: Please outline for me the plans the Forest Service has to initiate projects in Region Six to implement the Chief's Outdoor Recreation Program?

Answer: As a means of meeting the overall objective of the Recreation Strategy, the Region has entered into partnerships with numerous organizations, private enterprises, and other governmental agencies.

The four "metropolitan" National Forests in the Region have hired a professional marketing person to do marketing research to design programs and activities to respond to the identified public desires.

FIREFIGHTING

257. Question: What is the Forest Service doing to evaluate its needs in terms of future national forest firefighting?

Answer: The National Fire Management Analysis System (NFMAS) is utilized to arrive at the most efficient level of protection for each National Forest as a part of the Forest planning process. This level of protection is described in the fire management action plan for each Forest. Forest level fire protection needs are then aggregated at the regional and national levels to determine the most efficient level of fire protection resources and funding needed Service-wide.

In addition, periodic Service-wide assessments of specific fire suppression resource needs are conducted to assure adequate availability.

258. Question: Do you intend to further develop proposals to change the manner in which firefighting funding is made available?

Answer: No. The current proposal provides adequate funding for firefighting activities.

259. Question: What options for alternative funding have you developed to date?

Answer: The Federal Wildland Firefighting (FWF) proposal, submitted with the 1990 budget, is the only alternative funding option we have developed. We have also requested a $250 million supplemental to partially repay the K-V fund for money borrowed to fight fires in 1987 and 1988.

The FWF proposal will fund fires by a permanent indefinite appropriation, and avoid the need to borrow from other funds to fight fires.

PEST MANAGEMENT

260. Question: What is the Forest Service doing to evaluate its future forest pest management funding needs?

Answer: A plan is being prepared for an economic analysis of forest pest management activities, excluding suppression. The planned economic analysis, targeted for completion in FY 1990, will examine the economic efficiency of broad categories of forest pest management activities. The results of this analysis are intended to support FPM program budget

requests and to improve the basis on which funds are allocated to accomplish pest management objectives.

261. Question: Do you intend to further develop and offer proposals to the Congress to change the manner in which forest pest management activities are funded and made available?

Answer: We do not intend to propose such changes at this time.

262. Question: What options for alternative funding have you developed to date?

Answer: No options are currently being considered for funding survey and technical assistance activities. We have been reviewing options to ensure the availability of suppression funds for emergency pest outbreaks. Funds appropriated annually for forest pest suppression are often not sufficient to suppress new or rapidly expanding outbreaks. A permanent mechanism is needed for funding suppression of these outbreaks.

It is my understanding that the Forest Service is expecting a Tussock Moth outbreak in Eastern Oregon and Washington national forests in 1990.

263. Question: What are the FY 1990 funding requirements to ensure adequate preparation and eradication of this pest?

Answer: Based on preliminary information, suppression needs in Oregon in FY 1990 may be as high as $1.6 million on federal lands and $0.4 million on cooperative lands. Sufficient funds are available in the FY 1990 request to meet these needs. We do not anticipate an outbreak in Washington in 1990.

264. Question: Please provide an assessment of the current situation regarding the spruce budworm in Region Six.

Answer: Recent surveys show that a drastic drop has occurred in intensity and severity of the outbreak. On April 4, the Regional Forester signed a Notice of Decision for the 1989 suppression project. A total of 18,500 acres are targeted for treatment in 1989.

265. Question: Are additional funds required to complete the cleanup of the spruce budworm treatment program?

Answer: Sufficient funds are included in the FY 1990 request to meet anticipated 1990 needs for western spruce budworm suppression. Funds appropriated for FY 1989 suppression are adequate to meet the spruce budworm suppression needs for 1989.

LAND ACQUISITION

The President's FY 1990 budget for the Forest Service includes some funding requests for land acquisition under the auspices of the Land and Water Conservation Fund.

266. Question: What are the Forest Service's acquisition priorities in Oregon, Washington, and Idaho?

Answer: The Administration is proposing a $206 million acquisition program for FY 1990 to be allocated between the Forest Service and agencies within the Department of the Interior. Tracts were evaluated against certain criteria to decide their priority ranking.

Tracts in the following areas ranked high enough to be included in the proposed program:

Mt. Baker-Snoqualmie N.F., Washington
Hells Canyon National Recreation Area, Oregon/Idaho

Sawtooth National Recreation Area, Idaho
Oregon Dunes National Recreation Area, Oregon
Cascade Head Scenic Recreation Area, Oregon
Siuslaw N.F., Oregon
Wenatchee N.F., Washington
Columbia River Gorge, National Scenic Area, Oregon/Washington

267. Question: What is the status of your efforts to acquire lands through exchanges and donations with non-federal interest holders?

Answer: Forest Service policy is to acquire needed lands by exchange or donations prior to resorting to acquisition by purchase. During the past 5 years we acquired 698,726 acres by exchange valued at $525 million, and 6,891 acres by donation valued at $8.5 million.

268. Question: What is the amount of your unobligated acquisition funding in the Columbia River Gorge National Scenic Area?

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268. Question: What is the amount of your unobligated acquisition funding in the Columbia River Gorge National Scenic Area?

Answer: As of March 31, 1989, the unobligated balance for land acquisition in this area was $5.5 million.

269. Question: Can you estimate the length of time it will take the Forest Service to expend the balance of the unobligated funds?

Answer: We estimate 80 to 100 percent of the remaining funds will be obligated by October 1, 1989.

REFORESTATION AND INTENSIVE TIMBER MANAGEMENT

270. Question: The Bureau of Land Management is currently facing a serious problem in Western Oregon with respect to its reforestation and intensive management programs. Is the Forest Service facing a similar situation in Region Six?

Answer: The Forest Service situation is not as severe as the Bureau of Land Management situation. The Forest Service appropriated reforestation program and the KV timber stand improvement program is meeting our needs. However, the 1989 appropriated TSI program funding provided for accomplishment of 63 percent of the needs. Under that type of scenario, we will continue to fall further behind in our treatments and lose growth benefits as the "windows of opportunity" are passed by.

271. Question: Please provide the Subcommittee with a status report on your reforestation and intensive management programs in that region.

Answer: Reforestation needs on 10/1/87 were 246,500 acres and climbed to 271,230 acres on 10/1/88 due to rapid timber harvest and the large fires. Our FY 1989 reforestation target is 118,876 acres (83 percent K-V). The FY 1990 President's Budget (KV and appropriated) will accomplish 129,200 acres.

TSI needs on 10/1/87 were 334,315 acres and grew to 438,068 acres on 10/1/88. The FY 1989 target of 118,246 acres (45 percent K-V) is expected to cause a sharp rise again in this year's reported needs. The FY 1990 President's Budget (KV and appropriated) is planned to accomplish 85,400 acres.

272. Question: What level of funding is required in FY 1990 to maintain the integrity of this program?

Answer: The 1990 program for K-V reforestation, KV Timber Stand Improvement, and appropriated reforestation is adequate.

273. Question: Did the destruction of nursery seedlings during the 1987 and 1988 forest fires affect the Forest Service's ability to keep pace with its future reforestation requirements?

Answer: No. The fires of 1987 and 1988 did not affect nursery production or the Forest Service's ability to keep pace with future reforestation requirements. The most critical factor in a few areas, is the lack of seed of an appropriate source. We have given high priority to collecting seed in these specific areas so seedlings can be grown and the sites regenerated.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

FISH AND WILDLIFE

Last year, working with Senators Leahy, Cochran, and Stevens, and other of my Senate colleagues, I pushed for increased fish and wildlife appropriations for the Forest Service, and I intend to do it again this year. We must demonstrate that multiple use is an effective conservation strategy and can be responsive to the public demand for more wildlife and fish. Recognizing these public demands, I have the following questions.

274. Question: How does the requested 1990 Forest Service budget for wildlife and fish compare to that funding called for in the completed forest plans?

Answer: The budget for wildlife and fish in FY 1990 is funded at 53.3 percent of the Forest planning level.

275. Question: How does this level compare to the level requested for other programs, particularly timber management, roads, minerals?

Answer: (The table follows:)

COMPARISON OF THE FY 1990 PRESIDENT'S BUDGET TO FY 1990 FOREST PLANS
(Dollars in Thousands)

PROGRAM	FY 1990 PRESIDENT'S BUDGET	FY 1990 FOREST PLANS	PERCENTAGE OF FOREST PLANS
Forest Road Construction	$89,598.0	$152,584.0	58.7%
Forest Road Reconstruction	106,814.0	158,211.0	67.5%
Forest Road Maintenance	67,229.0	113,427.0	59.3%
Reforestation and Stand Improvement	87,305.0	122,958.0	71.0%
Minerals	27,401.0	39,760.0	68.9%
Recreation Management	102,287.0	187,422.0	54.6%
Wildlife Management	11,439.0	19,845.0	57.6%
Cultural Resource Management	14,308.0	22,782.0	62.8%

276. Question: Why the differences in percentages requested - why not a balanced request?

Answer: The exact program mix on a particular National Forest is determined by the Forest's unique resource opportunities, local demands and public issues, and National and Regional level output objectives.

In any given year, national priorities and budget restrictions may cause the mix to vary significantly from the aggregation of all forest plans.

The intent is to address this inbalance over time. If this proves to be impractical, various plans may then need to be amended.

THREATENED AND ENDANGERED SPECIES

Up to 1/3 of species listed as endangered or threatened in the USA occupy National Forest System lands. As you know, when a species becomes listed, it engages new legal requirements and program difficulties on the Agencies.

277. Question: What is the Forest Service doing to ensure more species are not listed as threatened or endangered and what is the Service doing to ensure recovery of those already listed?

Answer: The Forest Service has an active sensitive species program which provides for protection and management of species that should prevent the need for Federal listing.

278. Question: Why isn't the Service requesting as much for threatened and endangered species as for other species?

Answer: The budget reflects Forest plan funding for threatened and endangered species.

WILDLIFE AND FISH BUDGET - CHALLENGE COST/SHARE

The Forest Service's appropriated wildlife and fish budget has significantly increased the last few years.

279. Question: Is the agency moving ahead in increasing its professional wildlife, fisheries, and botany staffing to make these funds and initiatives successful?

Answer: In FY 1989, 678 wildlife and fishery biologists were employed by the Forest Service. We project that in FY 1990 we will have 786 professional wildlife and fish staff.

280. Question: What progress have you made with wildlife and fish organizations in challenge cost/share?

Answer: The Forest Service and its partners leveraged a $2,000,000 Federal appropriation into more than $4,000,000 worth of completed habitat improvement projects. Those partners included thousands of people in 429 different groups and agencies that helped improve conditions for fish and wildlife in the National Forests and National Grasslands.

A comparison of habitats improved is shown below:

	FY 1987	FY 1988
Structural Improvements	2,258	4,647
Habitat Enhanced	38,888	46,739

Several thousand acres were surveyed for sensitive plant populations under Challenge Cost-Share projects as well.

The number of partners in the wildlife and fish challenge cost-share program are as follows:

FY 1987	FY 1988	FY 1989
57	196	196

281. Question: How many organizations? What are some?

Answer: In FY 1988, 429 organizations were involved in the Challenge

Cost-Share Program. Examples include: Trout Unlimited, National Wild Turkey Federation, Rocky Mountain Elk Foundation, Boy Scouts of America, and local fish and game associations.

282. Question: Is the interest waning or are more groups wanting to get involved, or wanting to participate more?

Answer: Interest in this program has not lost momentum. We have increasing numbers of groups who are interested in getting involved in the Challenge Cost-Share Program. There are also opportunities to involve corporate interests in the program, along with local, Regional, and National conservation groups.

WILDLIFE AND FISHERIES HABITAT

The administration is requesting $60 million for wildlife and fisheries habitat management for FY 1990.

283. Question: In view of the demand for more wildlife and fish and your new initiatives, is $60 million adequate to meet these demands?

Answer: As with any program, more could be spent if money were no object. In light of the total funding available for the Forest Service, we believe that $60 million is an appropriate amount for wildlife and fish.

WETLANDS

In the United States we have lost about 60% of our wetlands. Yet, the President has talked about "no net loss of wetlands" and the North American Waterfowl Plan has been signed by both the United States and Canada.

284. Question: What will the Forest Service do to further these two initiatives?

Answer: The Forest Service's Taking Wing Program is in direct response to the North American Waterfowl Plan. In FY 1989, $1.2 million was allocated to Forests for direct waterfowl enhancement. The FY 1990 budget would designate a similar amount.

NATIONAL FORESTS AND PUBLIC LANDS OF NEVADA ENHANCEMENT ACT

The National Forests and Public Lands of Nevada Enhancement Act of 1988 transferred over 720,000 acres of public lands from the BLM to the Forest Service. We want to make sure the Forest Service has adequate funding, particularly in FY 90 to complete the transfer and make these lands integral and productive parts of National Forest management.

285. Question: What FY 90 appropriations has the Forest Service asked for to complete the transfer and quickly get these lands into National Forest management?

Answer: There are no funds in the FY 1990 President's budget for managing these lands. Region 4 has made some adjustments within their existing funds to provide some management of the lands.

286. Question: Is this request level adequate to manage these lands at the quality level you want?

Answer: Essential management of these lands will be accomplished by pulling funds from other areas until future planning and budgeting can

determine the actual needs. The Act transferring the lands was passed after the FY 1990 budget was formulated.

TROPICAL FORESTS

The tropical forests of the world contain priceless resources. A key to conservation of these forests is development of sustainable use technologies and exchange of expertise between the U.S. and Nations owning tropical forests. I am pushing for Congressional action to ensure these occur. Your tropical forestry research in Puerto Rico plus your experience in training other nations in multiple use management offer other countries vital expertise.

287. Question: What funds are you requesting to increase tropical forestry research, development of practicable technologies, and increase training of other nations in conservation of tropical forests?

Answer: Although no additional funds have been requested for tropical forestry in the budget for FY 1990, the Forest Service is developing an initiative with new efforts in four areas: technical assistance, $5 million; research, $8 million; training, $6 million; and support to international organizations, $1 million. A draft document outlining this initiative has been reviewed internally and will be completed in time to accompany the brochure "Global Neighbors Growing Together: A Tropical Forestry Initiative" that will be published by June 1, 1989.

STREAMSIDE HABITATS - FISH HABITATS - LIVESTOCK GRAZING

One issue that remains very large and with justification is streamside habitats, fish habitats, other areas and livestock grazing.

288. Question: What funds is the Forest Service requesting for FY 90 to bring streamside and fish habitats, in unsatisfactory condition due to livestock grazing, back into satisfactory condition?

Answer: The Forest Service has requested $12 million for fish habitat improvement and $29.7 million for range management in FY 1990. A portion of these funds will be spent on improving streamside habitats in unsatisfactory condition due to livestock grazing. We estimate approximately 10 percent ($1.2 million) of the fish habitat funds and approximately 5 percent ($1.5 million) of the range management funds will be applied to riparian/livestock problems.

289. Question: Does the Forest Service have a schedule to correct these problems, and if so what is it?

Answer: As the Forest Service prepares Implementation Schedules for Forest Plans, we are inventorying areas of riparian and fish habitat conflicts with livestock grazing, and setting priorities for corrective action. Forest Plans vary, and some are fairly specific regarding streamside or riparian management goals, while others have a more general approach.

At this time, we do not have a complete data base or inventory of the fish/riparian/livestock problem.

290. Question: Does the Forest Service have a schedule to bring back into satisfactory condition other areas where unsatisfactory rangeland conditions are being caused by livestock grazing?

Answer: Yes. The Forest Service has such a schedule.

291. Question: If so, what is it and how many acres and dollars are we talking about?

Answer: The Forest Service is in the process of preparing "Implementation Schedules" for Forest Plans, and these schedules set priorities for correcting unsatisfactory conditions. The Action Plan responding to the 1988 GAO Report will emphasize scheduled corrective action on those lands in unsatisfactory range condition and be in harmony with Forest Plan direction.

The Forest Service estimates that 10.5 million acres of National Forest System Land are in unsatisfactory range condition. In the case of FY 1990, the Forest plan level for Range is $41.9 million.

The current budget for range in FY 1990 is $26.3 million.

WILD HORSES AND BURROS

Wild horses and burros are a major management activity in Nevada affecting the federal land management agencies and users of these public lands. Federal legislation imparts many limitations on these agencies. Problems exist and we are all working hard to provide for horses and burros and other uses.

292. Question: What funds is the Forest Service requesting for FY 90 to manage wild horses and burros and what specific FY 90 objectives do you have for accomplishment.

Answer: The Forest Service has requested $183,000 for management of Wild Horses & Burros in FY 1990. Our accomplishment target is removal of 75 excess animals from National Forest Lands.

QUESTIONS SUBMITTED BY SENATOR DALE BUMPERS

RESEARCH - ARKANSAS

In December, I requested that the Southern Forest Research Station prepare a report on current and proposed research efforts in Arkansas. The report states, among other things, that a fully effective program at Monticello/Crossett Research Work Unit over the next five years cannot be maintained with the current (FY 1989-$613,000)level of funding.

293. Question: I am informed that this unit has had significantly lower funding than other units within the Southern Station. Please comment on the importance of the research program at Monticello/Crossett and the impact of this funding level on the research program.

Answer: The level of funding for Research Work Units in the Southern Station varies depending on the number of people, nature of the work, and overhead costs.

The research of this Unit is of increasing importance in the South because of growing controversy over forest management practices. In the Southern Region of the Forest Service, the highest priority research needs for the National Forests relate to uneven-aged management and mixed pine-hardwood management systems. Our current and planned research program is consistent with those needs, and the work at Monticello/Crosset has become one of our highest priority programs at the Station.

The current level of funding allows for partial implementation of the research program outlined in the Forest Service report of March 29, 1989. Unless they can be continued with funds contributed from outside sources, the uneven-aged studies on shortleaf pine and pine-hardwood mixtures on the Ouachita NF, and the soil-site relationship work associated with our growth and yield research would be terminated.

294. Question: What is the status of forest hydrology work on Arkansas Forests? Is any additional work planned in FY 90 or 91?

Answer: The Forest Hydrology Research Unit at Oxford, Mississippi operates 17 research watersheds in Arkansas. The research is being performed in cooperation with the National Forests in Arkansas, the University of Arkansas-Monticello, University of Arkansas-Fayetteville, and Weyerhaeuser Company. Four watersheds (Fleming Creek) are in the Boston Mountains and the remainder (Alum Creek) are in the Ouachita Mountains. Nine of the watersheds in the Ouachita Mountains are involved in a major study of impacts of forest management practices on water yield, water quality, and sediment production. These watersheds are also used for several other studies: wildlife browse and herbaceous vegetation are being measured to determine effects of clearcutting, and other data are being summarized in a cooperative study with the University of Arkansas.

A research study has been initiated to evaluate forest management activities including road construction and use on water yield and quality on a 32-acre watershed on the Ouachita National Forest. This will include measurement and evaluation of changes in water quality parameters through a cooperative agreement with the University of Arkansas-Monticello.

In the past five to six years, the Forest Service research program, working with cooperators, has assembled and reported on a considerable body of knowledge about hydrology and water quality for forested watersheds of the Arkansas Highlands. A number of publications are available which describe this work. No new forest hydrology research is planned in FY 1990 or 1991 for Arkansas or Mississippi.

295. Question: Why were personnel working on forest hydrology transferred from Fayetteville to Oxford, Miss?

Answer: Because of budget reductions in Watershed Management Research funds for the Southern Station in FY 1983, it was necessary to officially close the Fayetteville location.

In an effort to concentrate the remaining staff it was necessary to consolidate hydrology research at the Forest Hydrology Laboratory (FHL) in Oxford, MS. This is an excellent laboratory that is fully equipped to do chemical and other analytical testing of water and soil samples. The scientists at Fayetteville had no laboratory facilities. The move to Oxford was based on the belief that a stronger, more effective and efficient research program could be conducted and managed from the FHL for Arkansas, Mississippi, and other States in the Mid-South. Also considered was the availability of Forest Service owned office and laboratory space at Oxford.

Research has continued on Arkansas watersheds and technicians are permanently located in Harrison, AR. New fish habitat work is being initiated in Arkansas and Mississippi in FY 1989, and is expected to continue.

The Research report contains a section entitled "High Priority Unfunded Research Needs".

296. Question: Please provide an estimate of the funding levels and FTE's that would be required to fund each of the listed research needs.

Answer:

1. Monticello/Crossett, AR - Research Work Unit SO-4106

Current Program in Arkansas

To permanently hire the needed silviculturist (currently on temporary assignment) and two technicians for work on mixed-pine hardwood silviculture and growth and yield research (3 FTE's), an additional $260,000/yr is required. These funds would finance the computer equipment, travel, and field work needed to support this research.

Future Program in Arkansas

To hire the ecologist, the wildlife biologist, and the two technicians necessary to advance work on interaction of uneven-aged management and other forest resource values (4 FTE's), an additional $500,000 is required. These funds would finance the required computer, office, and field support to effectively pursue this line of research; and would accelerate cooperative economics research by a Unit in New Orleans to determine the benefit/costs of the different management systems, and initiate recreation research in Arkansas in cooperation with the Forest Service's Southeastern Forest Experiment Station.

2. Oxford, MS - Research Work Unit SO-4351

Future Program in Arkansas

The watershed research program outlined in our March 29, 1989, report, including the portion that would be conducted in Arkansas would require continued funding at the FY 1989 level.

297. Question: Please indicate whether the research would be performed in Arkansas by personnel permanently stationed in Arkansas, and if not, indicate the Forest Service rationale for having the Arkansas-related work performed outside of the State.

Answer: Those scientists located at Monticello/Crossett will conduct most of their research in Arkansas on the Crossett Experimental Forest. One of the Unit's scientists is located at Fayetteville and most of his research will be in Arkansas in cooperation with the Ozark National Forest. Work that is done outside the State will provide research data under a range of conditions to ensure a better basis for conclusions and broader applicability of results.

Those scientists assigned to our Unit at Oxford will conduct about 40 percent of their research in Arkansas. As noted earlier, 17 watersheds are already established in Arkansas and these are maintained by technicians located at Harrison, AR. The laboratory facilities at Oxford are equipped for the scientists to handle the required analyses of water samples. No such facilities are located at Monticello/Crossett.

QUESTIONS SUBMITTED BY SENATOR DENNIS DeCONCINI

LAND MANAGEMENT SERVICE CONTRACTS

In the FY 1989 Appropriations Committee Report, the committee included language that recommended an experimental program which could expand the use of Land Management Service Contracts to improve the management of recreation, wildlife habitat, reforestation, and silviculture in areas that have special requirements. The Forest Service was urged to identify potential areas where Land Management Service Contracts could be effective, and enter into the program where appropriate.

298. Question: Could you identify what efforts have been made in this direction? Have any such areas been identified, if so, where?

Answer: We are moving ahead with utilizing Stewardship contracts throughout the Forest Service. The activity most typically contracted has been post sale treatment, including site preparation, planting and release. We have also used this concept with various types of engineering contracts.

Region 6 has 33 contracts in effect for a total of $6.6 million; Region 4 has a $58,000 contract; Region 9 has a $25,000 contract and Regions 3, 5, and 8 are starting to move ahead with stewardship contracting.

299. Question: Could you please identify some of the benefits, including habitat, reforestation, timber stand improvement, fire prevention, recreation, etc., that might be achieved through the Land Management Service Contracts in those areas? Do you see potential increases in cost effectiveness?

Answer: One of the major benefits derived from the Land Management Service contracts is the reduction in costs and staff time that it takes to set up and administer the contracts. The contract format describes to prospective bidders the objective that we want to achieve, and sets the sideboards; the bidders then develop their proposals to meet our overall objectives. Our expenses other than the contract cost itself are limited to developing the initial contract objectives and monitoring the contractor's work. The benefits to the resources are basically the same that would be accomplished using other methods since the nature of the work is the same.

300. Question: Do you see Land Management Service Contracts as having broad applications, or would this approach be better suited for limited applications in specific areas?

Answer: Except for availability of qualified contractors, we do not see limitations to specific areas.

301. Question: If additional funds were to be provided by the Congress to further develop the Land Management Service Contract approach, what could be accomplished in FY 90?

Answer: We use Land Management Service Contracts to accomplish work that has been done previously in other ways, consequently we do not see much change in accomplishments.

302. Question: How much additional funding would be required?

Answer: No additional funds are needed.

FOREST PLAN FUNDING

303. Question: Does the FY 90 budget request include full funding for the Forest Plans in Region 3, to include wildlife habitat management, recreation and other categories?

Answer: The FY 1990 President's budget does not include full funding for forest plans in any region.

304. Question: If not, please identify additional funding requirements by category to meet the levels prescribed in the forest plans broken down by the forests in Arizona?

Answer: The following is a display, (in thousands of dollars) by category, of funding needed to meet the levels prescribed in forest plans for the 6 National Forests in Arizona:

Apache - Sitgreaves National Forest (in $1000)

Program Area	FY 1990 President's Budget	FY 1990 Forest Plan	Percent of Forest Plan Funding	Additional Funding Need
Minerals	45.0	90.0	50.0%	45.0
Reforestation and Standard Improvement	35.0	44.0	79.5%	9.0
Recreation Management	805.0	2040.0	39.5%	1235.0
Wilderness Management	11.0	19.0	57.9%	8.0
Cultural Resource Management	87.0	286.0	30.4%	199.0
Wildlife and Fish Habitat Management	476.0	1551.0	30.7%	1075.0
Range Management	217.0	622.0	34.9%	405.0
Soil, Water and Air Management	173.0	534.0	32.0%	361.0

Coconino National Forest (in $1000)

Program Area	FY 1990 President's Budget	FY 1990 Forest Plan	Percent of Forest Plan Funding	Additional Funding Need
Minerals	48.0	95.0	50.5%	47.0
Reforestation and Standard Improvement	100.0	126.0	79.4%	26.0
Recreation Management	649.0	1646.0	39.4%	997.0
Wilderness Management	42.0	72.0	58.3%	30.0
Cultural Resource Management	146.0	480.0	30.4%	334.0
Wildlife and Fish Habitat Management	245.0	799.0	30.7%	554.0
Range Management	265.0	759.0	34.9%	494.0
Soil, Water and Air Management	190.0	587.0	32.4%	397.0

Coronado National Forest (in $1000)

Program Area	FY 1990 President's Budget	FY 1990 Forest Plan	Percent of Forest Plan Funding	Additional Funding Need
Minerals	112.0	222.0	50.5%	110.0
Reforestation and Standard Improvement	10.0	13.0	76.9%	3.0
Recreation Management	1034.0	2621.0	39.5%	1587.0
Wilderness Management	.0	.0	.0%	.0
Cultural Resource Management	93.0	306.0	30.4%	213.0
Wildlife and Fish Habitat Management	208.0	679.0	30.6%	471.0
Range Management	306.0	876.0	34.9%	570.0
Soil, Water and Air Management	176.0	543.0	32.4%	367.0

Kaibab National Forest (in $1000)

Program Area	FY 1990 President's Budget	FY 1990 Forest Plan	Percent of Forest Plan Funding	Additional Funding Need
Minerals	87.0	172.0	50.6%	85.0
Reforestation and Standard Improvement	2172.0	2868.0	75.7%	696.0
Recreation Management	482.0	1222.0	39.4%	740.0
Wilderness Management	2.0	4.0	50.0%	2.0
Cultural Resource Management	156.0	513.0	30.4%	357.0
Wildlife and Fish Habitat Management	421.0	1372.0	30.7%	951.0
Range Management	426.0	1222.0	34.9%	796.0
Soil, Water and Air Management	139.0	430.0	32.3%	291.0

Prescott National Forest (in $1000)

Program Area	FY 1990 President's Budget	FY 1990 Forest Plan	Percent of Forest Plan Funding	Additional Funding Need
Minerals	77.0	153.0	50.3%	76.0
Reforestation and Standard Improvement	173.0	229.0	75.5%	56.0
Recreation Management	424.0	1075.0	39.4%	651.0
Wilderness Management	16.0	28.0	57.1%	12.0
Cultural Resource Management	68.0	225.0	30.2%	157.0
Wildlife and Fish Habitat Management	116.0	377.0	30.8%	261.0
Range Management	198.0	567.0	34.9%	369.0
Soil, Water and Air Management	173.0	534.0	32.4%	361.0

Tonto National Forest (in $1000)

Program Area	FY 1990 President's Budget	FY 1990 Forest Plan	Percent of Forest Plan Funding	Additional Funding Need
Minerals	131.0	259.0	50.6%	128.0
Reforestation and Standard Improvement	.0	.0	.0%	.0
Recreation Management	1135.0	2877.0	39.5%	1742.0
Wilderness Management	113.0	196.0	57.7%	83.0
Cultural Resource Management	202.0	667.0	30.3%	465.0
Wildlife and Fish Habitat Management	372.0	1218.0	30.5%	846.0
Range Management	505.0	1443.0	35.0%	938.0
Soil, Water and Air Management	212.0	656.0	32.3%	444.0

305. Question: The committee suggested the Service consider other funding possibilities to bring the plans to full funding. What possibilities are being considered and what is the status of their implementation?

Answer: There are numerous initiatives the Forest Service is using to help bring Forest plans to full funding, in addition to strengthening our ability to reorganize the budget needs in implementing Forest plans.

The Forest Service established "the National Recreation Strategy" in response to priorities set in Forest Plans. One of the objectives of this Recreation Initiative is to form "partnerships" with other agencies and private enterprise.

Conservation programs have been developed jointly with wildlife agencies and major fisheries and wildlife conservation groups. Some examples include "Join Us," an initiative to strengthen public private partnerships; "Rise to the Future," a national fishery initiative to provide emphasis on habitat enhancement; "Taking Wing," a waterfowl and wetlands initiative to enhance habitat and support the North American Waterfowl Plan; and "Animal Inn," a program to communicate the importance of managing dead standing and fallen trees for wildlife habitat.

The Fish and Wildlife Challenge Cost-Share Program maintains and enhances wildlife and fish resources on the National Forests through active partnerships with conservation organization, state and Federal agencies, and private individuals. There has been a tremendous increase in both the amount and type of partnerships that have been developed through this program, including many conservation groups, civic groups, corporations, Boy and Girl Scouts of America, and private individuals.

The "Volunteers in the National Forests" Program, the "Touch American Project," "Hosted Programs," "Youth Conservation Corps," and "Senior Community Service Employment Program" all carry out high-priority conservation work while providing opportunities and training. For example, the National Forest Trails System is partially supported by volunteers, the Youth Conservation Corps and the Senior Community Service Employment Program and others.

ELECTRONIC MANAGEMENT TOOLS

It is my understanding that there are electronic management tools available to the Forest Service which could assist in developing and administering the Forest Plans. An example of this is the Geographical Information Service (GIS), which employs computer overlays to help manage complex land allocation problems.

306. Question: Could you identify and explain this or other similar systems and how they could be helpful for the land manager?

Answer: Geographic Information System (GIS) is a powerful technology that electronically stores, analyzes, and presents land-based information. It would enable the Forest Service to analyze natural resource data in a timely, accurate, and consistent manner. But even more, by automating tasks and analysis too laborious and time-consuming to do manually, GIS would open the door to analyzing innovative or more complex management strategies. Analyzing natural resources and their location across the landscape is absolutely essential to implementing management direction in Forest Plans.

The Forest Service's ability to communicate with the public would be greatly enhanced with GIS because of its visual, easy-to-understand presentation of resource information. GIS technology would also improve the agency's timeliness in responding to public requests for information.

307. Question: Could you please identify the costs, (regionally or at the forest level) identified with the operation of electronic management tools, and possible cost benefits?

Answer: The benefits and costs of implementing GIS technology are currently under analysis. This analysis will be available in June 1989. The analysis will show not only the quantifiable benefits, but also the intangible benefits. We will be happy to provide you the analysis when available.

308. Question: How are these tools being developed in FY 1989?

Answer: The Forest Service is implementing the National GIS Plan approved in January 1988 by Chief and Staff, which will result in Service-wide acquisition of GIS in FY 1991. Efforts underway this fiscal year include actions to prepare agency employees for GIS and the changes it will bring; meeting the requirements for obtaining Delegation of Procurement Authority for GIS; and getting natural resource information into a GIS compatible format.

The Forest Service is identifying the information that is needed for GIS applications. The agency also has several efforts underway to standardize the information that will be widely shared both internally and externally.

Six control evaluation sites were established in 1987 to gain experience in implementing GIS technology. Specifically, the evaluation sites are providing insights on (1) appropriate uses of GIS technology in the Forest Service, (2) developing an integrated GIS information structure, (3) refining the hardware and software functional requirements needed to make GIS work, (4) assessing organizational impacts of implementing GIS technology in the Forest Service, and (5) evaluating the costs and benefits of GIS technology. The evaluation project will continue until Service-wide implementation begins.

309. Question: What is your capability for employing these systems in FY 1990?

Answer: The Forest Service expects to begin implementing GIS technology Service-wide in FY 1991. The agency is currently working on three key studies: a feasibility study, benefit/cost analysis, and documentation of functional requirements. Upon completion of all necessary studies, the Forest Service will issue a Request for Procurement in January 1990.

Some units of the Forest Service have acquired interim GIS capability in advance of the National Plan. The need for GIS technology in these areas arose from specific management issues of substantial public interest. These complex natural resource issues, such as spotted owl habitat in the Pacific Northwest or timber supply in southeast Alaska, could only be addressed in a reasonable time frame with the use of GIS technology.

SMALL BUSINESS TIMBER SET-ASIDE PROGRAM

The FY 89 Conference Report pointed out that the conferees deleted House bill language which would have prohibited the Forest Service from adopting or implementing any modifications to the Small Business Timber Set-Aside Program. In addition, the conferees suggested a "less controversial" alternative to the "freeze" proposal advanced by the Department in May, 1987. It was also suggested that the alternatives, if any, to be implemented, fully accommodate regional differences, and special circumstances, and be equitable to the large and small companies.

310. Question: Could you please provide the committee with an explanation of what actions have been taken to either to implement the proposal of May, 1987, or develop an alternative?

Answer: The following steps and/or actions have been taken:

1. The Forest Service met separately with both with large and small business representatives in January, 1989 to discuss options to the freeze and other changes in the Small Business Administration rules proposed in 1987. This led to the latest proposed changes.

2. A new proposal has been developed which should be published in the Federal Register about June 1,1989. It does not freeze the small business shares but does limit the amount of change that is allowed to take place at a computation of shares. It will be controversial, but is expected to be less so than the previous proposal. The main features are as follows:

a. Any changes in the small business share at the scheduled, 5-year computations would be limited to ten percentage points. There would be a required review of market areas that change more than 10 percentage points to see if more or less change is justified.

b. The amount of timber actually set aside the first 6 month period a program is triggered in a market area would be the small business deficit volume only. Both the deficit and small business share volume would be set aside if the program remains triggered in a second period.

During testimony before the Senate Small Business committee, there was discussion regarding the possibility of an experimental Small Business Timber Set-Aside program in the southwest, especially in Arizona, Utah and New Mexico which would give specific consideration to dependent small communities. It is my understanding that the development of such a program has been initiated by the Forest Service and I would certainly like to commend the Department and the Chief for taking that action.

311. Question: Could you please describe the steps that have been taken thus far in the development of a Small Business Timber Set-Aside program tailored to dependent small communities in the southwest? Please explain how the program might work. What is the status of the implementation of this program at this point in time?

Answer: Region 3 has had meetings with representatives of large and small business and identified several areas to better meet the needs of all businesses in the Region. Region 3 agreed on several recommendations which were presented to the Regional management team and heads of the companies. The thrust of the recommendation is to hold periodic meetings between Forest Supervisors and representatives of industry to discuss the sale program and industry needs 1-2 years in the future.

The Region has set up four area meetings, two in Arizona and two in New Mexico, to accomplish this. So far, these have been very successful. Now the Forest Service and industry better understand each other's situation which will help avoid crisis. When a dependent community reaches a critical situation, the Forest Service and the industry will meet and adjust the sale program, including the bidding method and set aside selection, to provide an opportunity for the mill(s) in those communities to bid on a sale and survive.

A total of eighteen dependent communities have been identified.

APACHE-SITGREAVES NATIONAL FOREST WINTER RANGE MANAGEMENT

312. Question: Is there a winter range problem on the Apache-Sitgreaves National Forest?

Answer: Yes, on the Apache side of the Forest, there is an insufficient amount of winter elk range available. On the Sitgreaves side, elk winter range is insufficient due to a dense overstory of pinyon/juniper trees which limits forage for big game.

313. Question: What are the impacts of the poor condition of the winter range?

Answer: Poor condition of the winter range reduces its capability to sustain wintering big game, creating increased grazing pressure on adjacent private lands. Winter range forage is being over utilized by both cattle and elk.

314. Question: Is there sufficient funding in the FY 90 budget request to address the winter range problem on the Apache-Sitgreaves? If not, what level of funding is required to address this problem?

Answer: Within the constraints imposed on the total Forest Service budget, we believe that an appropriate amount is devoted to this activity. If funds were reallocated from other wildlife and range programs an additional $212,000 could be utilized. This figure is in addition to other anticipated funding sources such as Range Betterment Fund and Challenge Cost-Share funds.

315. Question: If aggressive management measures were undertaken with the critical winter range, would not multiple benefits be realized for wildlife, watershed and livestock, among others?

Answer: Yes.

316. Question: Would improving winter range habitat help resolve big game depredation problems on private lands adjacent to Forest Service lands?

Answer: Yes, improving the winter range will help resolve some of the big game depredation problems on private lands adjacent to Forest lands.

317. Question: Are other funding sources, such as the Challenge Grant cost-share program, Range Betterment or watershed improvement funds available to fund aggressive winter range management?

Answer: Yes.

318. Question: What is the extent of participation by non-federal entities such as the Arizona Game and Fish Department, in the aggressive management of winter range?

Answer: The Arizona Game and Fish Department has supplied equipment and people to help do both the planning and work. The Rocky Mountain Elk Foundation has contributed $89,000 that was matched by Forest Service Funds in FY 1989.

319. Question: It is my understanding that the Arizona Game and Fish Department is currently evaluating the implementation of the Sikes Act Wildlife Habitat Improvement Stamp program for Arizona. Would such a program help the Forest Service to improve the winter range on the Apache-Sitgreaves National Forest?

Answer: Yes.

RELOCATION OF ROCKY MOUNTAIN RESEARCH STATION'S TEMPE RESEARCH LAB

320. Question: What is the status of the relocation of the Rocky Mountain Research Station's Tempe Research Laboratory from its current location on the Arizona State University campus?

Answer: An "options paper" outlining five alternatives for relocating the Tempe Lab has been prepared and provided to the staffs of the House and Senate Interior Appropriations Subcommittees and to the personal staff of Senator DeConcini. The paper includes anticipated costs and "pros and cons" of each option.

321. Question: Has the Forest Service completed the evaluation of the various proposals for potential sites for the relocated Tempe Research lab? What are the findings of this evaluation?

Answer: We have not completed an evaluation of the "options paper" mentioned in the answer to question #320. Each option offers acceptable locations and the pros and cons of each have been provided.

322. Question: Is there a preferred site and why?

Answer: Currently the preferred site is adjacent to the campus of Northern Arizona University in Flagstaff. The reason is that National Forest System land is available as a construction site. We would prefer to build on government-owned land.

323. Question: What are the advantages to the Forest Service in locating the Tempe research lab on the campus of Northern Arizona University ?

Answer: The Rocky Mountain Forest and Range Experiment Station is pursuing a number of forestry research projects in cooperation with Northern Arizona University. Research activities could be leveraged through the cooperative participation of University professors and the use of graduate students. Close proximity to campus services, library facilities, herbarium

collections, and other research laboratories also offer noteworthy advantages. At Flagstaff, field research sites are readily accessible due to the immediate proximity of National Forest lands and their variety of forest and other biotic communities. This convenience would result in significant savings of travel costs and research time.

324. Question: Does the Forest Service consider it important to be associated with an institution that has a forestry program such as Northern Arizona University? Is it possible to quantify the value to the Forest Service in being associated with such a program

Answer: Yes, the Forest Service does consider co-location of its research work units with University forestry programs to be important--for many of the reasons cited in the answer to the previous question. Especially significant are advantages associated with the scientific synergism that exists in the academically rich university environment. Also important is the availability of services and research supplies on university campuses. It is extremely difficult, however, to quantify these advantages.

325. Question: What is the feasibility of co-locating existing Forest Service activities, such as a Supervisor's office, with the new research facility? What are the benefits from doing this?

Answer: It is feasible and desirable to co-locate all existing Forest Service facilities into one office. The basic reason for this is that the public has the advantage of "one stop shopping", so to speak. Another benefit is that support can be shared by each office rather than each maintaining their own.

326. Question: Does the Forest Service have cost estimates for the construction of the relocated research lab on the campus of the Northern Arizona University? What is the capability for FY 1990?

Answer: The Forest Service has prepared cost estimates for the relocated lab at Northern Arizona University. Their estimates have been made a part of the "options paper" referred to in a previous answer. No detailed site and construction plans have been prepared. These could be done in FY 1990.

327. Question: Assuming the funding for this facility is secured with a GSA facilities construction loan, what are the estimated annual O & M costs for this facility including debt service?

Answer: Following are the estimates:

-Annual costs of debt reduction would be the amount borrowed divided by 20 years. The amount borrowed would be determined by which construction option was chosen.

-The O & M costs would be determined by the option chosen. For example, if the Forest Supervisor's office is co-located with the Research Lab, the O & M costs would be different than if a new lab facility was constructed.

-These costs cannot reasonably be calculated until a construction option is agreed to.

ARIZONA RECREATION INITIATIVE

Chief as you know, I am very concerned about the lack of adequate recreation facilities on our National Forests in Arizona. The pressure that is created on existing recreation resources is enormous and will result in much greater costs in the long run by the degradation of the natural resource. Projections indicate that Arizona's population will double by the year 2000, and frankly our ability to meet the resulting recreation demand will not be adequate unless we take drastic and immediate steps to improve the opportunities available to the outdoor recreating public.

I am pleased with the efforts the Forest Service has undertaken with the Challenge Grant cost share program thus far. By taking this program and running with it as you have, the Forest Service has indicated a willingness to try new and creative ways to deal with funding deficiencies. I applaud you for your leadership in this regard. But as you know Chief, we need to do much more.

328. Question: Where does the Southwest Region stand in relation to the other Regions with respect to "dollars per visitor day" spent on recreation? How does Arizona compare with the other States in "dollars per visitor day?"

Answer: For FY 1986 the Southwestern Region ranked last among all regions in dollars spent per visitor day. The State of Arizona ranked second to last among all States with National Forest recreation programs.

329. Question: How does the Forest Service project demands on recreational resources on both the regional and Forest levels?

Answer: Forest Land Management Plans are the vehicle by which recreation demands and funding needs are projected for future years. Where plans have been approved, this methodology is consistent throughout the National Forest system. The actual data for factoring recreational use projection and facility improvement needs may come from many different sources to be incorporated into these plans. One very common source is the State Comprehensive Outdoor Recreation Plan (SCORP) that is required of every State participating in the Land and Water Conservation Fund (L&WCF) program.

330. Question: Do the Forest plans anticipate the increase in recreation demands and the requisite funding requirements for the Forests in Arizona?

Answer: The plans reflect the increase in recreation demands.

331. Question: If not, what is the difference between the projections in the Forest Plans and the actual recreation demands?

Answer: Our rough estimate is that if Forest plans were fully implemented we would meet less than 50 percent of demand.

332. Question: Can the plans be updated to reflect the increase in recreation demand and the resulting funding requirements?

Answer: Yes, the Region is undertaking actions as appropriate to update Forest Land Management Plans.

333. Question: Does the FY 90 budget request meet the funding requirements as prescribed in the Forest Plans for the Forests in Arizona?

Answer: No. Neither the budget nor Congressional action on appropriations bills has ever fully funded any Forest plan.

334. Question: Historically, has funding for recreation development on the Forests in Arizona ever been at the levels prescribed in the Forest Plans?

Answer: No.

335. Question: If not, what has the difference been between the funding prescribed in the plans and the actual outlays for recreation on the Forests in Arizona for the period of time the plans have been in effect?

Answer: The difference has been around $4,000,000 per year for each of three years, 1987 through 1989. This difference includes funding for trail construction, recreation facility construction and recreation road construction.

336. Question. What is the impact to the natural resource from a lack of adequate recreation facilities? Has the Forest Service been able to quantify this impact?

Answer: The impact manifests itself in two ways. First, vegetation and facility damage is very acute in many locations. When we close areas to control use, it forces visitors to other sites where damage can also occur. Second, the recreation visitor is not able to achieve the kind of recreation experience anticipated. Often these National Forest customers are not accustomed to recreating in forested areas, nor is it obvious to them what uses are appropriate. This forces the Forest Service to concentrate their work efforts more on policing and allows little time or resources to improving everyone's quality outdoor experience.

337. Question: What funding would be required to bring recreation funding in line with the levels prescribed in the Forest Plans?

Answer: An additional $11.4 million would be needed for each of the next four years.

338. Question: What is the capability for each of the next four years to meet the recreation funding requirements prescribed in the forest plans?

Answer: In terms of staffing and technical skills we do not have the capability at this time.

339. Question: Would you consider the recreation situation in Arizona unique? Why?

Answer: It is different in some respects. Extensive Federal landholdings make it difficult to meet part of the total recreation need on private lands. This is not the case in some other States with high growth rates.

340. Question: What is the backlog of deferred maintenance for recreation facilities on the Forests in Arizona.

Answer: The backlog in recreation facility maintenance for the Southwestern Region totals approximately $11,000,000. We estimated that $6,500,000 of this total involves Arizona facilities.

341. Question: What level of funding would be required to eliminate this backlog?

Answer: The backlog could be eliminated with $6.5 million.

342. Question: What is the capability for the next four fiscal years to take care of this backlog?

Answer: If adequate funding and staff were provided or could be reallocated from other activities, no problems are foreseen.

343. Question: What has been the Service's experience with the Challenge Grant cost share program? What were the projects that were undertaken in FY 88 and the amount of non-federal funds spent on these projects?

Answer: Our experience with the recreation Challenge Cost Share program has been very encouraging. The program has grown each year since its beginning in FY 1988. Projects undertaken in FY 1988, and the amount of partner funding for each project, is shown in the following table.

FY 1988
SELECTED CHALLENGE COST-SHARE PROJECTS

PROJECT	REGION	FUNDING FOREST SERVICE	FUNDING PARTNER
Boulder Creek Picnic Site Rehab.	3	$100,000	$276,000
Fish Creek Bridge	2	17,500	17,500
Avalanche Safety Film	2	25,000	49,000
Custer Museum & Townsite	4	7,500	7,500
Podunk Guard Station	4	3,000	4,000
Birch Creek Charcoal Kilns	4	4,500	4,500
Yankee Fork Gold Dredge	4	5,000	5,000
Valley Creek Ranger Station	4	6,000	7,000
Skagit W&S Eagle Interpretation	6	6,000	6,000
Bagby Hot Springs	6	10,000	20,000
White Rock Cabins & Lodge	8	30,000	50,000
Beartree Handicapped Trail	8	25,000	25,000
Warwoman Dell Recreation Area	8	4,000	4,000
Gladie Historic Post Office	8	12,000	18,000
White Mountain NF Trail Maint.	9	6,000	6,000
Shell Knob Recreation Area	9	6,500	24,500
Point Iroquois Lighthouse	9	1,700	1,700
Appalachian Trail Shelters	9	20,000	20,000
North Sandia Community Enhance.	3	3,000	3,000
Hyalite Accessible Project	1	47,200	65,000
Veteran's Point	2	10,000	10,000
Animas Overlook	2	15,000	15,000
Point Park	2	27,000	27,000
Mammoth Mine	5	17,000	87,200
Stough Reservoir Repair	5	20,000	20,000
Hyder Wildlife Walkway	10	10,000	15,000
Big Springs Campground	4	4,600	4,600
Summit County Partnership	2	35,500	84,500
Florida Boat Ramp Reconstruction	8	10,000	10,000
Hell Roaring Trail	4	2,300	9,000
Stevens Pass Interp. Project	6	8,700	12,000
	TOTAL	$500,000	$908,000

GRAND TOTAL VALUE OF SELECTED CHALLENGE PROJECT PROPOSALS $1,408,000

344. Question: What are the projects scheduled to be undertaken in FY 89 and the amount of non-federal funds scheduled to be spent on these projects?
Answer: A summary by Forest Service Region of the Recreation Challenge Cost Share projects to be undertaken in FY 1989 is shown below:

REGION	FOREST SERVICE FUNDS M$	PARTNER FUNDS M$	NUMBER OF PARTNERSHIPS
1	270.1	515.8	52
2	334.8	515.0	26
3	365.5	766.5	55
4	250.5	412.4	39
5	338.3	563.6	30
6	400.0	1,351.1	22
8	359.5	718.0	57
9	292.4	756.3	79
10	303.0	836.0	29
NATIONAL	86.0	520.5	7
TOTAL	3,000.1	6,955.2	396

345. Question: What is the level of federal funding for the Challenge Grant cost share program in the FY 90 budget request

Answer: The level of federal funding for the recreation Challenge Cost Share program in the FY 1990 budget request is $5.5 million: $1.6 million in Recreation Use; $1.8 million in Recreation Construction; $.8 million in Trail Maintenance; and $1.3 million in Trail Construction.

346. Question: Are there projects that have non-federal funding committed but can't be undertaken because there is no federal match? If so, please provide the list of these projects and the federal funding requirements.

Answer: We have not been able to fund all of the projects which have been proposed to us by potential partners out of the funding earmarked by Congress for Challenge Cost Share. Projects that have not been funded are generally of a lower priority than those that have been financed. We do not have a national list of non-funded projects.

347. Question: To meet the demands of recreation development on the National Forests in Arizona, has the Forest Service considered alternative funding mechanisms other than the Challenge Grant cost-share programs? Please list these programs and the status of their implementation.

Answer: The Forest Service is also utilizing funding from the Bureau of Reclamation Central Arizona Project (Plan 6), Federal Highway Administration Forest Highway Fund, State of Arizona State Lake Improvement Fund (SLIF) and Wallop-Breaux recreation boating access program. All of these programs are currently ongoing. In addition the Forest Service is exploring opportunities to expand the use of volunteers, donations, and interpretative associations.

348. Question: What is the status of the Fools Hollow recreation proposal on the Apache-Sitgreaves National Forest. Is this an example of a federal/non-federal partnership to develop recreation facilities?

Answer: The proposal is in the formulation stage. This project involves State of Arizona Parks Department, City of Show Low, Navajo County, Arizona Public Service Company, State of Arizona Game and Fish Department, and the Forest Service. Our expectation is that additional partners will be added to this list before planning is complete.

349. Question: What federal and non-federal funding is required for this project? Is there sufficient funding in the FY 90 budget request to meet the federal commitment for this project?

Answer: $2-3 million of non-federal funding and $1.4 million of Forest Service funding would be required for the project. Based on Forest Service priorities and the funds available, the project was not included in the FY 1990 budget.

350. Question: Have any of the non-federal participants in this project obligated their portion of the funding for this project?

Answer: No. The State of Arizona Legislature is deliberating an appropriation of $1 million for the upcoming fiscal year beginning July 1, 1989.

351. Question: What is the status of the Verde Valley visitor center proposal? How does this project fit within the goals of the Arizona Recreation Initiative?

Answer: The Forest Service, Arizona State Parks, and the National Park Service have signed an agreement to pursue construction of a jointly operated visitor information center. The center has not been designed. The center is complementary to the Arizona Recreation Initiative. Because the idea of including a visitor center was only recently added to the administrative site concept, the costs for its construction were not made a part of the Arizona Recreation Initiative.

352. Question: Who are the other participants in this project?

Answer: Arizona State Parks and the National Park Service.

353. Question: What are the estimated total costs for the project? What will be the Forest Service's share?

Answer: The Forest Service share of the project has not been determined, the table on estimated costs follows:

VERDE VALLEY VISITOR CENTER

PROJECT	COSTS
Visitor Information & Parking:	$5,534,000
Administrative Facilities:	
Offices:	$2,091,000
Forest Service, 5050 sq. ft.	
National Park Service, 2020 sq. ft.	
Arizona State Parks, 1350 sq. ft.	
Warehousing:	$1,190,000
Forest Service, 4220 sq. ft.	
National Park Service, 2380 sq. ft.	
Utilities	707,000
Parking & Roads	320,000
Total:	$9,842,000

354. Question: What is the capability for FY 1990? Is there funding for the Verde Valley Visitor Center in the Forest Service's FY 90 budget request?

Answer: The facility can be designed in FY 1990. There is no funding in the FY 1990 program for the center project.

355. Question: Are there certain functions in the development of this proposal that are better suited to be undertaken by a specific participating agency?

Answer: The Forest Service is best suited for overall project coordination, since its facility requirements are the largest. The National Park Service is very experienced in visitor center design and its design center in Denver will likely do the design. The highway access to the center and parking may be designed and constructed by the State of Arizona.

356. Question: Is there support from the local communities in the area for the development of the Verde Valley Visitor center?

Answer: Yes there is support. The Camp Verde Chamber of Commerce has been very enthusiastic. We know of no opposition to this project.

It is my understanding that as a result of the increase in the level of Roosevelt Lake, the crossing over Tonto Creek at A-Cross road needs to be improved to access the proposed recreation development on the north shore of the lake.

357. Question: Has any consideration been given to the construction of a permanent bridge over Tonto Creek instead of a low-water crossing that is subject to wash out periodically?

Answer: We have considered both options to cross Tonto Creek--a permanent bridge and a low-water crossing. We believe that a low-water crossing will provide safe, adequate, and acceptable public access for

the particular types of National Forest recreational experiences currently planned on the north shore.

358. Question: Has a comparison of the costs between a permanent bridge and the costs to replace a low-water crossing each time it is washed out over the life of the permanent structure been undertaken? What funding would be required to undertake such a cost analysis? Is there funding in the FY 90 budget request to undertaken such an analysis?

Answer: Our preliminary cost estimates show that a bridge will cost 4-5 times more to construct than a low-water crossing. Either type of structure would require very thorough site evaluation with hydrologic studies, materials testing, and foundation investigation before final design. A detailed life-cycle analysis will cost $60,000-$70,000. Currently, there are no funds in the FY 1990 budget request for such an analysis.

TIMBER PROGRAM

The committee also included Report language in the road construction account identifying "...sufficient funding to support 400 million board ft." in saw timber in Region 3.

359. Question: Do you anticipate any problems in providing purchaser credit or purchaser credit support to provide a harvest level of 400 million in Region 3?

Answer: We do not anticipate any problems in providing the necessary timber purchaser road construction support needs nor the purchaser credit allocation for the FY 1989 Region 3 timber sale program.

360. Question: Do you anticipate any other administrative, funding or manpower restrictions which could inhibit or prevent a 400 million board ft. harvest in FY 1989 in Region 3?

Answer: We do not anticipate any problems in providing the administrative support nor the necessary funding to prepare and offer 400 million board feet of timber sales in FY 1989.

There could be a problem if time is lost away from the preparation work due to fires and/or appeals.

It is my understanding that the Forest Plan easily accommodates a 400 million board ft. harvest in saw timber and an additional 20 million board ft. harvest in round wood.

361. Question: What is your capability in FY 1990?

Answer: With full funding, the maximum volume that can be prepared and offered in FY 1990 is 420 million BF.

362. Question: Does your FY 90 budget request include specific support for these levels?

Answer: There are sufficient funds in the FY 1989 and the FY 1990 program to prepare and offer 400 MMBF. There are not sufficient funds to prepare and offer 420 MMBF. The Region was given additional funds from the Excess Timber Receipts and Salvage Sale Funds to provide for the FY 1989 preparation. However, these funds were supposed to be used to help with the preparation of sales for future years. Since these funds are being used to complete timber sales for FY 1989 and FY 1990, the advanced sales preparation work is not being developed.

The current funding level will support, the future year levels of preparation for a sustained level of 331 MMBF in out-years.

QUESTIONS SUBMITTED BY SENATOR BROCK ADAMS

363. Question: Assuming that there will be an overall decrease in timber sales quantities in the Pacific Northwest, what can the Forest Service do to ease the impact on Washington State communities in the short term and in the long term?

Answer: The Forest Service will try to minimize the decrease in timber sales quantities. Some limited, short-term increases in facility construction and other resource work could be undertaken but would not go far in replacing any substantial reduction in forest products harvesting and processing.

In the long term we would like to have a program that reflects a balanced program as called for in each Forest Plan. This might provide a more stable economic base for areas with substantial Forest Service land holdings.

364. Question: How much can the Forest Service expedite sales in Washington State to assist in the solving short term impacts resulting from recent timber sale cutbacks?

Answer: There is little opportunity to expedite sales. The pipeline is virtually empty.

The impact of the Owl Record of Decision on the Olympic and the uncertainties of the Spotted Owl Set-aside suit have basically eliminated the Forests' inventory of sales in their 5 year schedules. Habitat requirements will affect nearly all sales, leaving only minor amount of incidental salvage and commercial thinning not impacted.

Forests in both Oregon and Washington will be attempting to develop a program as soon as possible after we know what the rules will be for Owl habitat. There will be impacts to the economy that cannot be mitigated immediately.

The Forests' pipelines have been depleted by two major fire years back-to-back, and numerous appeals of proposed sales.

365. Question: Please provide specific statistics regarding expedited sales in individual forests in Washington. I am particularly interested in information about the Olympic Peninsula which suffered a reduction in sales from 110 million board feet last year to 42 million board feet this year.

Answer: There are no statistics available for expedited sales on the Olympic Peninsula. The Olympic National Forest is in the process of looking at available acres and trying to recover a sale program considering the impact of the Owl Record of Decision and Spotted Owl Set-aside suit. The Forest has been able to do preliminary planning on sales but will need more information on the effects of these two actions on the land base before it can put together a substantive program. The Olympic NF dropped from 225 MMBF target to 113 MMBF after the OWL ROD was signed. The Quinault District of the Olympic NF dropped from 110 to 42 MMBF, a reduction of 68 MMBF.

366. Question: Does the Forest Service budget include funds to help expedite sales in Washington State? If not then what funds do you need to facilitate that process?

Answer: The President's FY 1990 budget was prepared before the Owl Record of Decision and Spotted Owl Set-aside suit; therefore, it does not contain specific funding to try and recover the loss to the pipeline volume created by these circumstances.

With the owl now being proposed for listing and the continued existence of the Record of Decision and Spotted Owl Set-aside suit, it is too early to make these estimates. We know that the pipeline will need $37 million to fill in the volume used to replace the volume lost because of fires, appeals, and litigation. At this time we do not have an estimate as to the effect of the owl being listed.

367. Question: A lot of attention and blame is being focused on the spotted owl in Washington State. However, there are other factors which are causing the Forest Service to reduce its total timber sales. Would you put these factors in perspective by listing the percentage of the reductions in Washington State resulting from the spotted owl set-asides recommended by the Forest Service, general revisions in the allowed sales quantity resulting from the forest plans and other factors?

Answer: While there has been some indication from the draft Forests plans that there would be lower timber outputs due to new field data and land allocations it appears that at least initially the impact from Owl related issues is significant. As a result of the Spotted Owl Set-aside the FY 1989 timber sell program for the State of Washington was impacted 691.1 MMBF out of a total of 1256 MMBF planned or 55 percent. Other issues such as roadless and wild and scenic rivers impacted the program only 62.5 MMBF, or about 5 percent.

368. Question: One specific factor I would like for you to address is the impact of the President's proposal to reduce the Forest Service budget by $22 million. This proposal would result in a 5% cut in the Forest Service budget. Yet the volume of sales will be reduced by over 15% as a result of these cuts. Would you explain why a 5% overall cut will result in 15% decrease in the amount of timber available for sale?

Answer: Timber and related costs make up 61 percent of the of the Region's total budget. These costs have increased about 13 percent annually for the past 2 years. These increases resulted from loss of pipeline volume due to two back-to-back major fire seasons; shortage of personnel and pipeline volume due to low funding during the buyback years; loss of sales preparation work due to appeals, suits, and roadless area entry problems.

ENCLOSURE FOR QUESTION #50

U.S. FOREST SERVICE

FY 1990

LWCF PROGRAM

PROJECT/STATE	NO. OF ACRES	COST ($000)
Caribbean NF, Puerto Rico	300	430
Mt. Baker-Snoqualmie NF, WA	160	2,000
Pacific Crest Trail	1,000	1,000
Pere Marquette W&SR, MI	500	500
Appalachian Trail	6,000	3,000
Chattooga W&SR, GA	1,000	1,000
Hells Canyon, NRA, OR/ID	500	500
Sawtooth, NRA, ID	400	2,000
Oregon Dunes, NRA, OR	300	500
Cascade Head, SRA, OR	200	1,000
Ocala NF, FL	532	4,000
Humboldt NF, NV	5,950	1,400
Monongahela NF, WV	7,000	2,800
Flaming Gorge NRA, WY	6	12
Hiawatha NF, MI	13,000	3,500
Toiyabe NF, CA/NV	4,000	4,000
Spruce Knobs-Seneca Rock NRA, WV	700	500
Flathead W&SR, MT	800	1,500
Inyo NF, CA	248	1,000
Green Mountain NF, VT	3,500	1,750
Desoto NF, MS	800	700
Ouachita NF, AR	8,000	5,000
Ozark NF, AR	3,500	2,000
San Bernardino NF, CA	450	2,000
Roosevelt NF, CO	320	960
Siuslaw NF, OR	568	2,500
Wenatchee NF, WA	15	700
Columbia River Gorge, NSA, WA/OR	3,000	5,000
Carson NF, NM	525	375
Osceola NF, FL	6,000	1,750
Gallatin NF, MT	1,000	1,000
Lake Tahoe Basin, CA/NV	250	3,500
Inyo NF, CA	317	400
BWCA Wilderness, MN	10	500
	Project Total	58,777
Acquisition Management		6,054
	TOTAL	64,831

FOREST SERVICE, USDA
FY 1990
L&WCF PROGRAM

Project/State	Description
Appalachian Trail	Will provide for the protection of 3,000 acres along the Appalachian Trail. These tracts are in danger of being adversely developed. These acquisitions will protect the scenic qualities of the Trail.
BWCA Wilderness, MN	Will provide for the protection of wilderness values by the acquisition of 10 acres of resorts (as per direction in P.L. 95-495.)
Caribbean NF, PR	Will provide protection from adverse development of 300 acres of habitat for the Green Parrot, an endangered species and provide an area for badly needed recreation facilities.
Carson NF, NM	To acquire 525 acres of La Belle Mining claim tracts which are located within important elk migration corridors and threatened by adverse development.
Cascade Head SRA, OR	To preserve 100 acres within this scenic research area of ocean headlands, rivers streams, estuaries, and forested areas for research and scientific purposes from adverse development.
Chattooga W&SR, GA	Will provide for the protection of 1,000 acres of this free-flowing wild and scenic river from large-scale subdivision and other adverse development.
Columbia River Gorge NSA, WA/OR	To acquire 3,000 acres within the National Scenic Area for the protection of the scenic, cultural, recreational, and natural resources of the Gorge from development.
DeSota NF, MS	To protect from adverse development the 800-acre Ragland Hills, an area containing a variety of endangered plant species. This area is a candidate for research natural area status.
Flaming Gorge NRA, WY	To acquire 6 acres within the national recreation area for the protection of the scenic, scientific and historic value of the area. To prevent adverse development.

Project/State	Description
Flathead W&SR, MT	For the acquisition of 800 acres which will allow for river access, scenic protection, and protection of grizzly bear, bald eagle, and elk habitat.
Gallatin NF, MT	For the protection of 1,000 acres of grizzly bear, bald eagle, and elk habitat associated with the northern Yellowstone National Park ecosystem.
Green Mountain NF, VT	To protect the 3,500-acre International Paper tract from adverse development and provide lands valuable for multiple recreation uses. Much of this property is facing imminent second home subdivision pressures.
Hells Canyon NRA, OR/ID	For 500 acres within the national recreation area for the protection of archeological, scenic, and ecological values.
Hiawatha NF, MI	For the protection of the 13,000-acre Grand Island which contains a diversity of rare plants, endangered species, cultural history and is a unique ecosystem.
Humboldt NF, NV	To acquire 5,950 acres for the protection of the mouth of the Lamoille Canyon, a highly used recreation area (will prevent adverse development).
Inyo NF, CA	For the protection from adverse development of the 248-acre Monache Meadows tract which contains prime habitat for mule deer, black bear, mountain lion, and numerous sensitive plant species.
Inyo NF, CA	For the protection of the 317-acre Buttermilk property from adverse development. The South Fork Kern W&SR passes through the area containing some of the last remaining populations of golden trout in the world.
Lake Tahoe Basin, CA/NV	Acquisition of 250 acres in the Basin for the protection of water quality and scenic values of the area.
Monongahela NF, WV	For the protection from adverse development of 7,000 acres within the Dolly Sods area, a unique ecosystem at the headwaters of Red Creek in the Cranberry Back Country and adjacent to the Dolly Sod Wilderness.
Mt. Baker-Snoqualmie NF, WA	For the protection of 160 acres of the Noisy Creek parcel which contains a grove of primordial old-growth conifers which is threatened by adverse development.

Project/State	Description
Ocala NF, FL	For protection from strong condominium development pressures on the 532 acre Silver Glen Springs tract (a first magnitude spring) which contains significant river frontage on the St. John's River. Contains significant bald eagle habitat.
Oregon Dunes NRA, OR	This will allow the protection from adverse development of 300 acres within the national recreation area.
Osceola NF, FL	To provide protection for the Pinhook Swamp area a key wildlife migration corridor between the Osceola National Forest and the Okefenokee National Wildlife Refuge. Contains habitat for the endangered bald eagle.
Ouachita NF, AR	8,000 acres in the Ouachita Lake area will be protected from adverse development. The owner, Weyerhaeuser Company is selling its holdings in this area.
Ozark NF, AR	These 3,500 acres of Nekoosa Packaging Corporation lands will be protected from adverse development and help satisfy the high demand in the area for recreation use.
Pacific Crest Trail	This trail extends from Mexico to Canada. This will allow the acquisition of 1,000 acres for the protection of the trail's scenic integrity and recreational quality. These areas are in danger of being adversely developed.
Pere Marquette W&SR, MI	The Pere Marquette is a heavily used canoeing river as well as a premier wild brown trout stream. Acquisition of 500 acres will provide access and protection to this very popular river.
Roosevelt NF, CO	Will allow for the acquisition of the 320 acre Sheep Mountain Ranch for the protection of endangered species (including the rare Greenback Cut throat trout) and provide valuable river access.
San Bernardino NF, CA	Will provide for the continued acquisition of the historic 250 acre Garner Ranch. This will purchase about 450 acres (445 acres are to be acquired in FY' 89.) The ranch contains habitat for many endangered species including the Bald Eagle.

Project/State	Description
Sawtooth NRA, ID	For the acquisition of 400 acres within the national recreation area to protect the cultural and scenic qualities of the area from adverse development
Sequioa NF, CA	Acquisition of 403 acres of the Taylor Meadow-Kern Plateau tract will help satisfy high recreation demand and protect this very scenic area already in the process of being subdivided.
Siuslaw NF, OR	Will provide for the protection of 568 acres of scenic coastal recreation values in the Big Creek-Perpetual area. Will also furnish habitat for the endangered silver spot butterfly.
Spruce Knobs-Seneca Rocks NRA, WV	Acquisition will protect 700 acres from adverse development within the national recreation area containing significant scenic and ecological values.
Toiyabe NF, CA/NV	Will protect 4,000 acres in the Hope Valley area of unique resources and will serve to satisfy the demand for additional recreation use.
Wenatchee NF, WA	Will provide for the protection of the 15-acre William O. Douglas Cabin historical site.

Enclosure For Question #200

INTERAGENCY AGREEMENT
Between the
FISH AND WILDLIFE SERVICE
BUREAU OF LAND MANAGEMENT
NATIONAL PARK SERVICE
UNITED STATES DEPARTMENT OF THE INTERIOR
and the
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

AUTHORITY

This Agreement supplements the Master Interagency Agreement between the Fish and Wildlife Service, U.S. Department of the Interior, and the Forest Service, U.S. Department of Agriculture, dated February 10, 1983. This Agreement replaces the Interagency Agreement between the Fish and Wildlife Service, U.S. Department of the Interior, and the Forest Service, U.S. Department of Agriculture, dated December 1, 1987. The Agreement also supplements the master Memorandum of Understanding between the Fish and Wildlife Service and the Bureau of Land Management, dated December 24, 1986. This four-way agreement focuses on the fact that all four agencies are integral to the success of maintaining a viable spotted owl population.

PURPOSE

The Forest Service, Fish and Wildlife Service, Bureau of Land Management, and National Park Service have the common goal and/or responsibility of ensuring population viability for the spotted owl (Strix occidentalis). The four agencies wish to cooperate and share information toward that common goal.

The Forest Service agrees to:

Manage habitats on the National Forest System to provide for a number and distribution of spotted owls that insures continued existence of a well distributed population of spotted owls on those lands so they may interact with spotted owls throughout the geographic range of the species.

Specify standards and guidelines in Regional Guides and Forest Plans for the conditions and management of habitats designated to maintain reproductive pairs of spotted owls in order to sustain occupancy and reproduction.

Carry out habitat and population inventories and monitoring sufficient to indicate long-term trends in habitats and populations throughout the National Forest System.

Conduct annual activity reviews of field level compliance with Regional Guide and Forest Plan direction for habitat management and include review results and action plans as part of the annual report to cooperators.

Carry out research activities sufficient to provide empirical information on the validity of assumptions made in planning and population viability analyses, and in time to provide a basis for adjustments in management direction if needed prior to the next plan period.

Provide an annual report to the Fish and Wildlife Service and other cooperators on conditions and trends in spotted owl populations and habitats

in the National Forest System, major results of research, and any adjustments in management direction.

Implement the agency's emergency authorities to alter management direction should monitoring and research indicate that spotted owl population viability is not being maintained throughout the geographic range of the species.

The Fish and Wildlife Service agrees to:

Cooperate with the Forest Service, Bureau of Land Management, and National Park Service in reviews and population and habitat inventories, monitoring, and research, and to participate actively in the Forest Service Spotted Owl Research, Development, and Applications Program.

Coordinate habitat protection and management on Federal, State, and private lands to seek to ensure that total numbers and distribution of spotted owls sustain a viable species population and prevent isolation of small local populations.

Coordinate with the Forest Service, Bureau of Land Management, National Park Service and States in preparation and release of annual reports on range-wide conditions and trends of spotted owl habitats and populations.

Implement emergency and other authorities to alter owl protection status should monitoring and research indicate that spotted owl population viability is not being maintained throughout the geographic range of species.

The Fish and Wildlife Service will compile the annual reports provided by the other three agencies and will report on any activities it has carried out.

The Bureau of Land Management agrees to:

Manage habitats on Bureau of Land Management lands to provide for a number and distribution of spotted owls that ensures continued existence of a well distributed population on those lands so they may interact with spotted owls throughout the geographic range of the species.

Specify standards and guidelines as part of the Bureau of Land Management's land management planning process for the condition and management of habitats designed to contribute to spotted owl occupancy and reproduction.

Carry out habitat and population inventories and monitoring, using standard protocols, sufficient to indicate long-term trends in habitats and populations throughout Bureau of Land Management lands.

Carry out research activities and/or cooperate in the research programs of other agencies to provide empirical information on the validity of assumptions made in planning and populations analyses, and to provide a basis for adjustments in management direction.

Provide an annual report to the Fish and Wildlife Service and other cooperators on conditions and trends in spotted owl populations and habitats on Bureau of Land Management lands, results of administrative studies, and any adjustments in management direction.

The National Park Service agrees to:

Maintain natural habitat on National Park System lands that ensures the continued existence of a well distributed population on those lands,

respective of natural processes, including habitat which plays a role in preventing isolation of regional owl populations.

Subject to availability of funds and personnel, carry out habitat and population inventories and monitoring, using standard or abbreviated protocols, sufficient to indicate long-term trends in habitats and populations throughout National Park System lands, or at least to indicate occurrences of possible threats to spotted owl habitats or populations on those lands.

As appropriate, carry out research activities and/or cooperate in the research programs of other agencies to provide empirical information on the validity of assumptions made in planning and population analyses. In this role National Park System lands would serve as unmanipulated controls for assessing the effectiveness of manipulations conducted on nearby lands.

Provide an annual report to the Fish and Wildlife Service and other cooperators on conditions and trends in spotted owl populations and habitats on National Park System lands, results of research, and any adjustments in management direction.

The Parties agree that:

This Interagency Agreement may be altered by mutual consent of the parties and may be cancelled by any party following a 30-day notice of intent to do so.

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

Date: AUG 12 By: Robert J. Burford
Title: Director, Bureau of Land Management

NATIONAL PARK SERVICE

Date: 08/12/88 By: Acting
Title: Director, National Park Service

FISH AND WILDLIFE SERVICE

Date: 8/11/88 By: Frank Dunkle
Title: Director, Fish and Wildlife Service

UNITED STATES DEPARTMENT OF AGRICULTURE

FOREST SERVICE

Date: AUG 11 1988 By: F. Dale Robertson
Title: Chief, Forest Service

SUBCOMMITTEE RECESS

Chairman BYRD. The subcommittee stands in recess until Monday at 10 a.m.

[Whereupon, at 3:15 p.m., Monday, April 10, the subcommittee was recessed, to reconvene at 10 a.m., on Monday, April 17.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

MONDAY, APRIL 17, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room S–128, the Capitol, Hon. Robert C. Byrd (chairman) presiding.

Present: Senators Byrd, DeConcini, Burdick, and Stevens.

DEPARTMENT OF ENERGY

FOSSIL ENERGY

STATEMENT OF J. ALLEN WAMPLER, ASSISTANT SECRETARY FOR FOSSIL ENERGY

ACCOMPANIED BY:

JEREMIAH E. WALSH, DEPUTY ASSISTANT SECRETARY FOR MANAGEMENT, FUNDAMENTAL RESEARCH AND COOPERATIVE DEVELOPMENT

JACK S. SIEGEL, DEPUTY ASSISTANT SECRETARY FOR COAL TECHNOLOGY

THOMAS F. BECHTEL, ACTING PRINCIPAL DEPUTY ASSISTANT SECRETARY

MARVIN I. SINGER, DEPUTY ASSISTANT SECRETARY FOR OIL, GAS, SHALE, AND SPECIAL TECHNOLOGIES

BUDGET REQUEST

Chairman BYRD. The subcommittee will come to order.

This is the time scheduled for the Department of the Interior and Related Agencies Subcommittee to hear testimony from administration witnesses in support of the Department of Energy's fiscal year 1990 budget requests for the Clean Coal Technology and Fossil Energy Research and Development Programs.

Testifying on behalf of these budget requests will be Mr. J. Allen Wampler, the Assistant Secretary for Fossil Energy. We will begin with the Clean Coal Technology Program.

For clean coal technology the administration is requesting advance appropriations of $600 million for each of fiscal years 1991 and 1992. In addition, this request includes 58 full time employees and $22,548,000 for administration of the program in fiscal year 1990.

Mr. Wampler, I believe this is about your third appearance before the subcommittee this year. So I hope you are being paid on a straight salary basis rather than for each appearance. [Laughter.]

PREPARED STATEMENT

We have your prepared statement and it will be inserted in the record. You may proceed as you like to summarize it or we can start right in with questions, whatever you wish.

[The statement follows:]

STATEMENT OF J. ALLEN WAMPLER

The Department of Energy's FY 1990 fossil energy budget request strikes a balance between the need for fiscal stringency and the need to sustain the momentum of programs that are producing cleaner, more efficient processes for the fuels that supply nearly 90 percent of our country's energy requirements.

Coal, oil and natural gas are the mainstays of our energy economy. Together, they supply directly two-thirds of the energy used by the industrial sector, one-third of the energy used by residential and commercial establishments, and virtually all of our transportation fuel requirements. As fuels for electric power generation, they account for approximately 70 percent of the electricity produced in this country which, in turn, is used by the other end-use sectors to produce much of the nation's goods and services.

Fossil fuels have contributed greatly to our standard of living. If we are to maintain and improve that standard in the foreseeable future, we must continue to look to these fuels as a fundamental component of our domestic energy industry. Our objective, therefore, must be to develop technologies that can ensure that fossil fuels can continue to be used without compromising our environmental or economic goals.

Recently, the potential conflicts between energy and environmental objectives have received heightened attention in debates over the consequences of acid rain and the release of so-called "greenhouse gases" from fossil fuel combustion. Scientific understanding of these problems is still far from complete, and the costs of overreaction could impose a staggering burden on the nation's future economic growth and prosperity.

In addition, new concerns have been raised about the future reliability of electric power capacity with reserve margins in some areas of the country having diminished at greater-than-expected rates. The nation's long-term competitiveness in international markets is also a matter of national concern, and how well we respond to our domestic environmental, economic and energy challenges will dictate, in large part, how fast — and to what extent — we are successful in restoring a more favorable balance of trade.

Consequently, if new technological solutions can be found that meet our environmental objectives, while at the same time being more cost effective and efficient than today's options, future policy decisions can be made in a manner that reflects both our social goals and our need to maintain a strong, energy secure nation.

The FY1990 Fossil Energy budget has been formulated with this objective in mind. The budget consists of two major components (with their FY 1990 funding requests).

- **The Clean Coal Technology Demonstration Program — $710.0 million**
- **The Fossil Energy Research and Development Program — $163.6 million.**

Clean Coal Technology Demonstration Program

The Clean Coal Technology Program is a government-industry, co-funded effort to

demonstrate advanced concepts for using coal cleanly and more efficiently than today's technology. Begun by Congress in 1986 and expanded by President Reagan in 1987 (in response to recommendations from the U.S. and Canadian Special Envoys on Acid Rain), the program is expected to finance more than $5 billion of projects when completed in the 1990s, with at least half of the funding provided by the private sector.

(If the ratio of private to public cost-sharing experienced in the first two rounds of competition -- approximately 60/40 -- remains consistent for the entire program, the Clean Coal program would finance more than $6.25 billion of demonstration projects.)

In contrast to the more fundamental projects undertaken in the coal portion of the Fossil Energy Research and Development Program, the Clean Coal Technology Demonstration Program provides financial assistance for commercial scale or near-commercial scale ventures. By building and operating these first-of-a-kind plants, industry can obtain data on construction and operating costs, reliability, maintenance and other performance factors that are necessary to make commercial deployment decisions.

Program Status. To date, two rounds of competition have been completed, one in 1986, the other last year. The competitions have resulted in the selection of 29 projects with a total value estimated at more than $2.3 billion. Nine of the projects, totaling approximately $860 million, have completed negotiations and are underway. They are listed in the chart at the top of the next page.

Negotiated Clean Coal Technology Projects

Project	Industry	DOE	Total
Tidd PFBC Demonstration Project	$107,300,000	$60,200,000	$167,500,000
Advanced Cyclone Combustor Demonstration Project	$392,992	$392,992	$785,984
LIMB Demonstration Project	$11,807,914	$7,597,026	$19,404,940
Gas Reburning/Sorbent Injection Demonstration Project	$15,000,000	$14,998,253	$29,998,253
Underground Coal Gasification Demonstration Project	$58,323,092	$11,792,362	$70,115,454
The Appalachian IGCC Demonstration Project	$156,309,000	$87,528,000	$243,837,000
Prototype Coal/Oil Coprocessing Demonstration Project	$180,674,805	$45,000,000	$225,674,805
Colorado-Ute Circulating AFB Demonstration Project	$34,167,000	$19,920,000	$54,087,000
TRW Advanced Slagging Combustor Demonstration Project	$25,480,000	$23,520,000	$49,000,000
TOTAL	$589,454,803	$270,948,633	$859,403,436

The remaining 20 projects (4 selected in Round #1 and 16 selected in Round #2) are in negotiations with the Department.

FY 1989 Congressional Budget Action. In FY 1989 budget action, Congress spread the appropriations to complete Round #2 ($525 million) over three years, providing $190 million in FY 1989, $135 million in FY 1990 and $200 million in FY 1991. The Congress also approved the Department's request for $575 million for FY 1990 to support a third round of competition.

FY 1990 Administration Budget Request. In its initial FY 1990 budget request (January 1989), the Department proposed to extend the $575 million previously appropriated for the third round of competition over three years (FY 1990-92) and to defer completion of funding for the full $2.5 billion program until FY 1997 (rather than the original completion date of FY1992).

On February 9, 1989, President Bush reinstated the original 5-year appropriations timetable of the program. In his budget message to Congress, the President said:

We must make use of clean coal. My budget contains full funding, on schedule, for the clean coal technology agreement that we've made with Canada. We've made that agreement with Canada and we intend to honor that agreement.

President Bush's revised budget would adhere to the previous Congressional appropriation of $575 million in FY 1990 for a third round of competition (due to begin in May), plus $135 million previously earmarked for the second round of competition. The President is also requesting Congress to appropriate the remaining $1.2 billion to complete the $2.5 billion (federal share) recommended by the U.S.-Canadian Special Envoys on Acid Rain. This funding – $600 million in each of fiscal years 1991 and 1992 – would be used as the federal share of projects selected in the final two solicitations

The proposed funding schedule (along with the prior FY1990 proposal) is shown in the following chart:

January Proposal

	Fiscal Years ($ in millions)											
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Round 1	$100	$150	$150									
Round 2			$ 50	$190	$135	$200						
Round 3					$190	$185	$200					
Round 4								$200	$200	$200		
Round 5										$200	$200	$200
TOTALS	$100	$150	$200	$190	$325	$385	$200	$200	$200	$400	$200	$200
			← Special Envoys' Program →									

Revised (Bush) Proposal

	Fiscal Years ($ in millions)						
	1986	1987	1988	1989	1990	1991	1992
Round 1	$100	$150	$150				
Round 2			$ 50	$190	$135	$200	
Round 3					$575		
Round 4						$600	
Round 5							$600
TOTALS	$100	$150	$200	$190	$710	$800	$600
			← Special Envoys' Program →				

The Importance of Full Appropriations. President Bush has emphasized that the Clean Coal Technology Program is an integral part of his commitment to cleaner air and protection of the environment. The President has also stated his commitment to ending the long debate on acid rain through a program to obtain significant reductions of acid rain precursor pollutants by a specific date.

If the Clean Coal Technology Program is to provide the U.S. with new, more cost-effective options to meet the President's environmental goals, it is important for Congress to approve advance appropriations for the $1.2 billion required to complete the program.

By appropriating in advance funds for the remaining rounds of competition, Congress can send a strong message to industry that the government's commitment to clean coal technology remains intact and that research projects now in the development stage should be continued so that they can be considered for future support. If industry has confidence that such cost-sharing will be available for the final pre-commercialization step, it will have a greater incentive to contribute its own funds to the development of new, more innovative concepts.

The result would be:

- more industry cost-sharing at earlier stages of development, thereby permitting greater leveraging of federal research funds, and
- the evolution of better, more effective technologies as candidates for joint demonstration funding and ultimately, for commercial replication and deployment.

Congress would continue to help shape the future course of the program through its oversight and annual appropriations process. The Department would continue to adhere to Congressional guidance, and the opportunity would continue to exist for modifying criteria and other guidelines for future rounds of competition to reflect lessons learned and, if necessary, to incorporate new considerations or priorities.

Fossil Energy Research and Development Program

In contrast to the Clean Coal Technology Demonstration Program, the Fossil Energy Research and Development Program is oriented toward the earlier stages of the development process – i.e., the basic and applied research stages through the early stages of process engineering. For the most part, the technologies pursued are longer-range and higher-risk, but if successfully developed, could offer potentially greater benefits in terms of economics, efficiencies and/or effectiveness. The program is comprised of coal, petroleum, natural gas and several policy and management functions. Also, in FY 1990, a new line item has been added for *environmental restoration*.

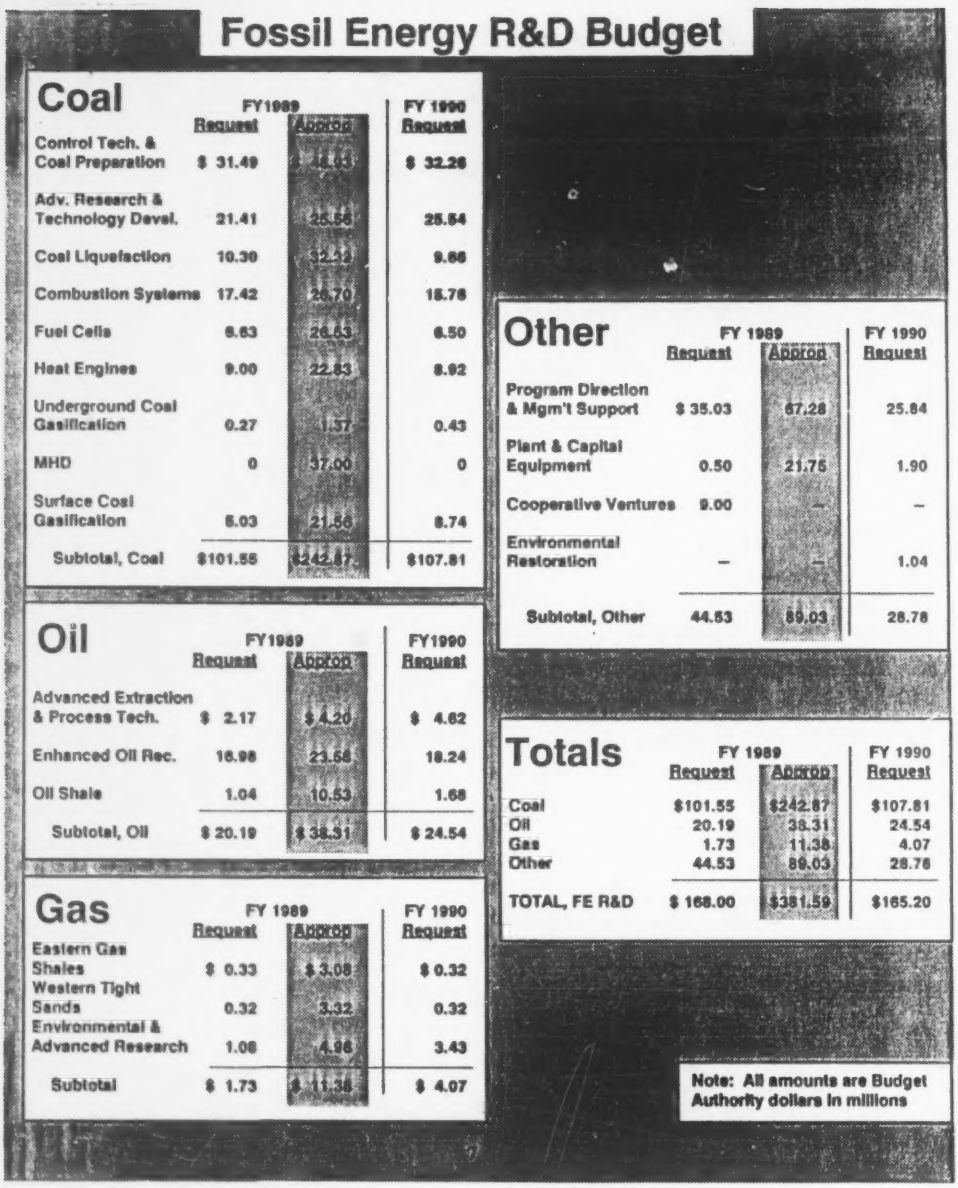
- **The FY 1990 budget request is consistent with the FY 1989 request.**

The FY 1990 budget request, while well below the FY 1989 enacted level, is consistent with last year's request. The proposed funding reflects an appreciation of the need to limit federal spending and to concentrate available federal funds on high-risk, high-potential projects which industry cannot be expected to finance on its own.

The differences between the FY 1990 request and the funding levels appropriated by Congress for FY 1989 are governed primarily by the need for fiscal restraint. However, fully one-third of the difference between the FY 1989 appropriation and the FY 1990 request — or $73 million out of a difference of $217 million — can be attributed solely to four factors:

- The Administration is not proposing to continue the magnetohydrodynamics (MHD) program funded in FY 1989 at $37 million.
- The development of the phosphoric acid fuel cell concept has progressed to the point where any further federal involvement can be funded with previously appropriated funds; in FY 1989, phosphoric acid fuel cell funding amounted to $9.5 million.
- Work successfully concludes this year at the Wilsonville (AL) and LaPorte (TX) coal liquefaction test facilities. Significant advances have been achieved and a substantial data base now is in place. Industry is in the position to commercialize these technologies when market conditions are appropriate. Completion of work at these facilities will permit a reduction of $8.4 million from the FY 1989 appropriations.
- The Administration has completed its funding commitments for Congressionally added construction projects at West Virginia University and the University of Oklahoma. It cannot support continued funding for construction of an administrative office buildings at the Morgantown and Pittsburgh Energy Technology Centers in these times of budgetary constraint. These projects accounted for $18.25 million in the FY 1989 budget.

A comparison of the FY 1989 and FY 1990 budgets is shown in the following chart:


Fossil Energy R&D Budget
Coal
FY1989 Request
FY1989 Approp
FY 1990 Request
Control Tech. & Coal Preparation $ 31.49 $ 32.26
Adv. Research & Technology Devel. 21.41 25.54
Coal Liquefaction 10.30 9.66
Combustion Systems 17.42 18.76
Fuel Cells 6.63 6.50
Heat Engines 9.00 8.92
Underground Coal Gasification 0.27 0.43
MHD 0 0
Surface Coal Gasification 5.03 8.74
Subtotal, Coal $101.55 $107.81
Other
FY 1989 Request
FY 1989 Approp
FY 1990 Request
Program Direction & Mgm't Support $ 35.03 25.84
Plant & Capital Equipment 0.50 1.90
Cooperative Ventures 9.00 –
Environmental Restoration – 1.04
Subtotal, Other 44.53 28.78
Oil
FY1989 Request
FY1989 Approp
FY1990 Request
Advanced Extraction & Process Tech. $ 2.17 $ 4.62
Enhanced Oil Rec. 16.98 18.24
Oil Shale 1.04 1.68
Subtotal, Oil $ 20.19 $ 24.54
Totals
FY 1989 Request
FY 1989 Approp
FY 1990 Request
Coal $101.55 $107.81
Oil 20.19 24.54
Gas 1.73 4.07
Other 44.53 28.76
TOTAL, FE R&D $ 168.00 $165.20
Gas
FY 1989 Request
FY 1989 Approp
FY 1990 Request
Eastern Gas Shales $ 0.33 $ 0.32
Western Tight Sands 0.32 0.32
Environmental & Advanced Research 1.08 3.43
Subtotal $ 1.73 $ 4.07
Note: All amounts are Budget Authority dollars in millions

- **The FY 1990 budget request continues high priority research in acid rain and CO_2 mitigation technologies, and in the production of alternative liquid fuels, as well as new initiatives in western coal research.**

Even given the reductions from the FY 1989 appropriations, the FY 1990 Fossil Energy budget request offers the nation a viable research and development program that incorporates both new initiatives and continued priority given to pressing national concerns. For example:

Acid Rain-Related Funding. There is a continued emphasis on technologies that

can reduce the release of pollutants associated with acid rain. As the chart on the next page shows, **research and development** of technologies that can have a direct impact on reducing acid rain-causing pollutants accounts for $76.5 million, or roughly 70 percent of the proposed coal research and development program.

The United States has achieved an excellent record of environmental progress. Since passage of the Clean Air Act in 1970, U.S. industry has spent nearly $250 billion to control air emissions. As much as $70 billion of this has been spent by the nation's coal-burning utilities to reduce sulfur dioxide (SO_2) emissions alone. Because of this investment, the nation's air is cleaner today than at any time in the last decade. SO_2 emissions from all sources have dropped 28 percent from their peak in 1973, while at the same time, coal use has increased by nearly 80 percent. New pollution control technologies, many of which will have their origins in the federal R&D program, will lead to further reductions in acid rain-causing pollutants.

The Administration will ask Congress to establish an acid rain program that will obtain significant SO_2 and NO_x emission reductions by specified dates. Much of the basis for this program will come from:

1) an intensive, 10-year, multi-agency effort to understand better the scientific causes and effects of acid precipitation. This effort is termed the National Acid Precipitation Assessment Program;

2) a *parallel* effort to develop new technologies that can expand the menu of available options for continuing or, if necessary, accelerating the reduction of acid rain-causing pollutants, and

3) identification of incentives that can be provided or disincentives that can be removed to ensure early deployment of better emission control technologies.

Most of the acid rain-related funding in this budget request is oriented toward the second element of the Administration's acid rain response. As the chart on the next page shows, the funding levels represent a significant national commitment to more economical and effective pollution control methods for the 1990s and 21st Century.

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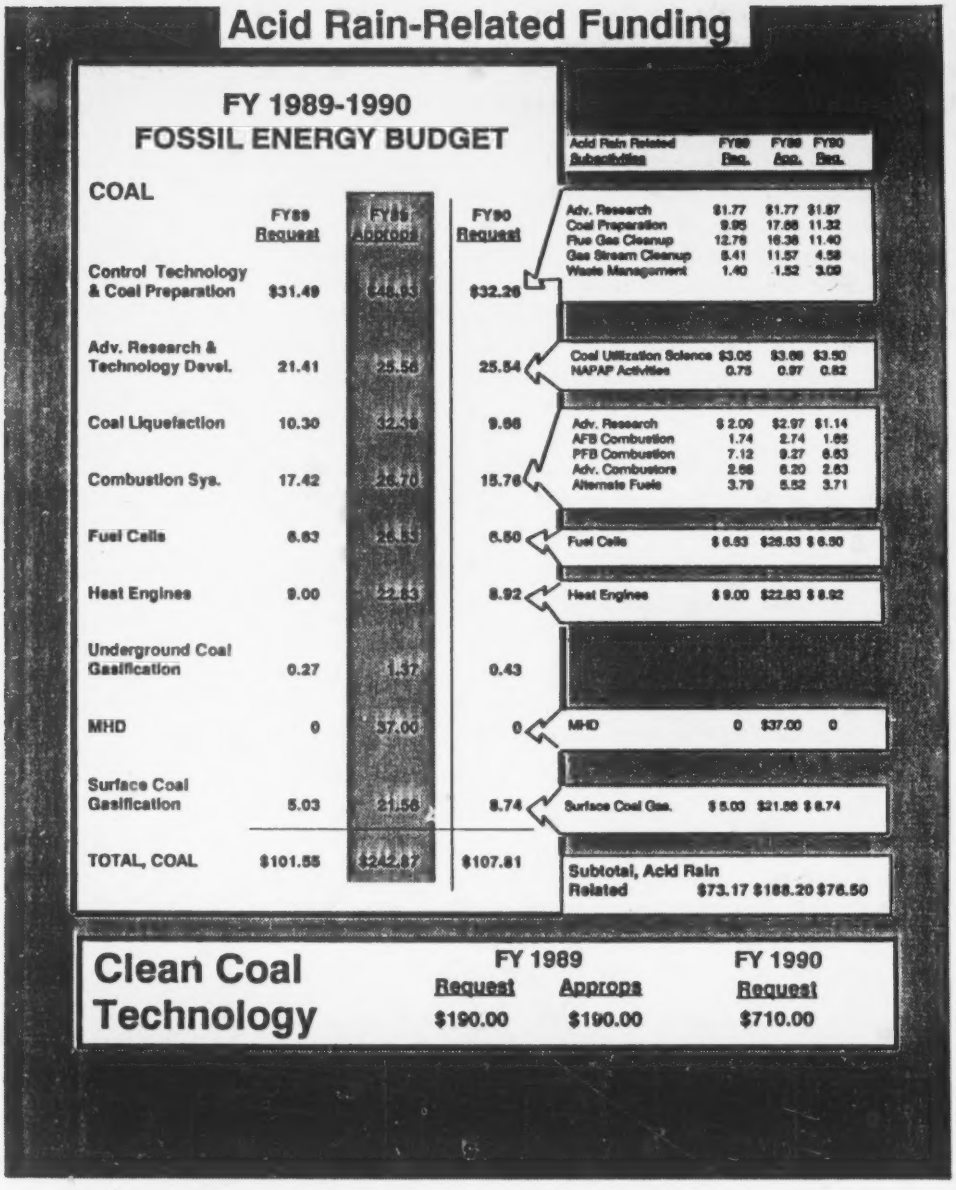

Acid Rain-Related Funding
FY 1989-1990
FOSSIL ENERGY BUDGET
COAL
FY89 Request
FY89 Approps
FY90 Request
Control Technology & Coal Preparation $31.49 $32.20
Adv. Research & Technology Devel. 21.41 25.54
Coal Liquefaction 10.30 9.66
Combustion Sys. 17.42 15.76
Fuel Cells 6.63 6.50
Heat Engines 9.00 8.92
Underground Coal Gasification 0.27 0.43
MHD 0 0
Surface Coal Gasification 5.03 8.74
TOTAL, COAL $101.55 $107.81
Acid Rain Related Subactivities FY89 Req. FY89 Approp. FY90 Req.
Adv. Research $1.77 $1.77 $1.87
Coal Preparation 9.95 17.66 11.32
Flue Gas Cleanup 12.78 16.36 11.40
Gas Stream Cleanup 8.41 11.57 4.58
Waste Management 1.40 1.52 3.09
Coal Utilization Science $3.05 $3.66 $3.50
NAPAP Activities 0.75 0.97 0.82
Adv. Research $2.09 $2.97 $1.14
AFB Combustion 1.74 2.74 1.65
PFB Combustion 7.12 9.27 6.63
Adv. Combustors 2.66 6.20 2.63
Alternate Fuels 3.79 5.52 3.71
Fuel Cells $6.63 $26.63 $6.50
Heat Engines $9.00 $22.63 $8.92
MHD 0 $37.00 0
Surface Coal Gas. $5.03 $21.56 $8.74
Subtotal, Acid Rain Related $73.17 $188.20 $76.50
Clean Coal Technology
FY 1989 Request $190.00
FY 1989 Approps $190.00
FY 1990 Request $710.00

CO_2 Mitigation Technologies. Many of the technologies being developed in the Fossil Energy program can have a positive impact on the reduction of so-called "greenhouse gases" such as carbon dioxide (CO_2).

The question of whether the earth is warming because of the accumulation of so-called "greenhouse gases" is a matter of debate and conflicting scientific analysis. Moreover, there remain significant questions about the relative contributions of various human activities -- for example, fossil fuel combustion versus global deforestation -- and the relative effectiveness of policy actions taken by any single nation, even one as large as the U.S., to control or reduce such emissions. For example, U.S. coal

combustion contributes to less than eight percent of the total worldwide release of CO_2, and in both the U.S. and western Europe, there has been little growth in CO_2 emissions since the 1970s.

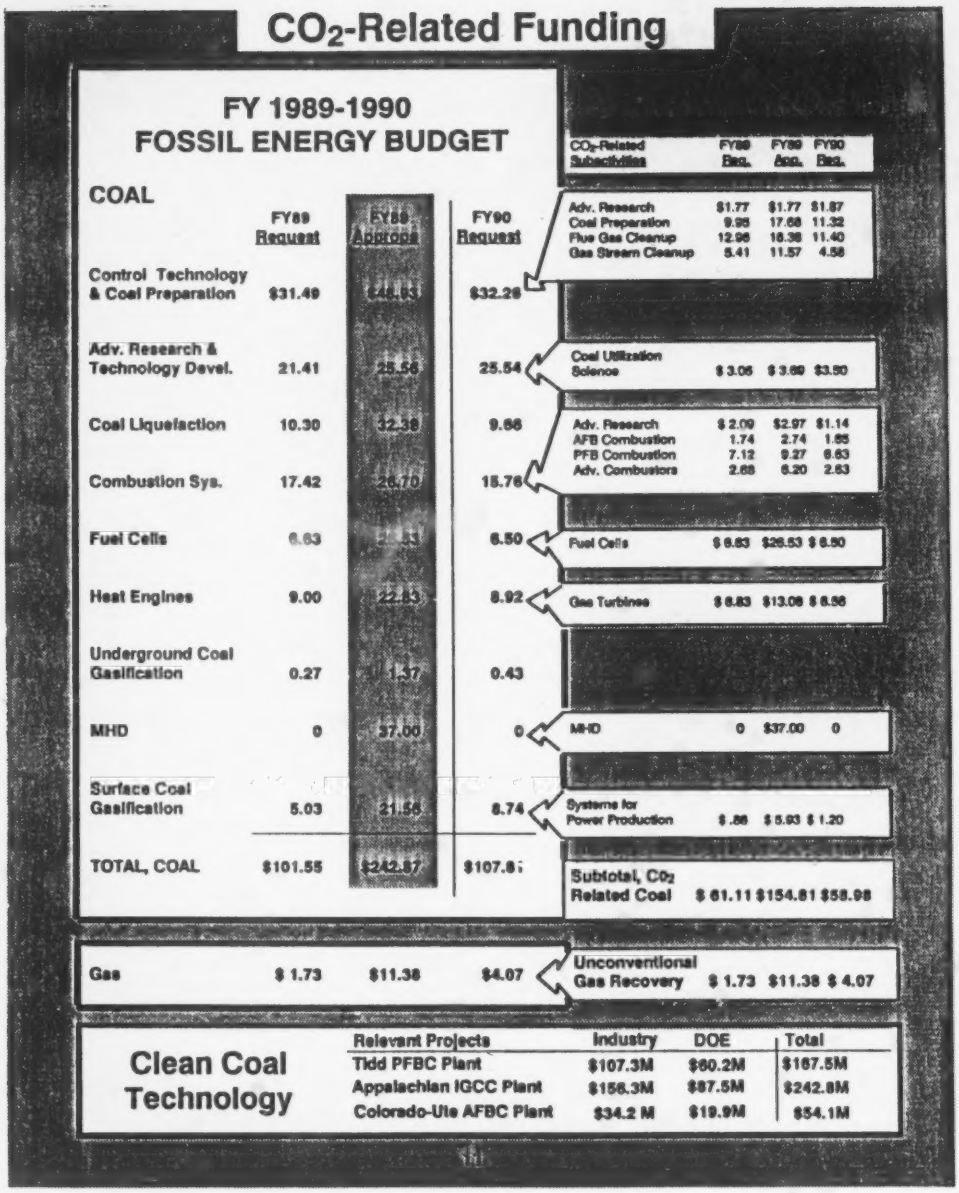
Nevertheless, if the scientific evidence ultimately shows that actions are necessary to mitigate global climate change, technology modernization can keep us from having to resort to regulation — and the usual stagnation caused by regulatory approaches.

The FY 1990 Fossil Energy budget contains several programs designed to develop modernized coal technologies with increased efficiencies over present processes, which could thereby reduce all combustion emissions, including carbon dioxide, per unit of energy produced. For example:

- Advanced coal technologies, such as pressurized fluidized bed technology and gasification-combined cycle, that offer power generation efficiencies in the 40-45 percent range (compared to 30-35 percent for conventional plants) can reduce CO_2 emissions by 10-15 percent.
- New flue gas cleanup and other pollution control methods that don't force overall reductions in power plant efficiency (such as is the case with today's scrubber technology) can be used to reduce other pollutants without adding to the amount of CO_2 released per unit of energy.

In addition, research into new recovery techniques for unconventional gas can ensure that the nation continues to have long-term supplies of natural gas, which emits about one-half as much CO_2 as coal per unit of energy produced.

The requested Fossil Energy funding that applies to these CO_2-mitigating technologies is shown by the chart on the next page.


CO_2-Related Funding
FY 1989-1990
FOSSIL ENERGY BUDGET
COAL
FY89 Request
FY89 Approps
FY90 Request
Control Technology & Coal Preparation $31.49 $32.26
Adv. Research & Technology Devel. 21.41 25.54
Coal Liquefaction 10.30 9.66
Combustion Sys. 17.42 15.76
Fuel Cells 6.83 6.50
Heat Engines 9.00 8.92
Underground Coal Gasification 0.27 0.43
MHD 0 0
Surface Coal Gasification 5.03 6.74
TOTAL, COAL $101.55
CO_2-Related Subactivities FY89 Req. FY89 Approps. FY90 Req.
Adv. Research $1.77 $1.77 $1.87
Coal Preparation 9.95 17.68 11.32
Flue Gas Cleanup 12.96 16.36 11.40
Gas Stream Cleanup 5.41 11.57 4.58
Coal Utilization Science $3.05 $3.69 $3.50
Adv. Research $2.09 $2.97 $1.14
AFB Combustion 1.74 2.74 1.65
PFB Combustion 7.12 9.27 6.63
Adv. Combustors 2.68 6.20 2.63
Fuel Cells $6.83 $26.53 $6.50
Gas Turbines $6.83 $13.08 $6.56
MHD 0 $37.00 0
Systems for Power Production $.86 $5.93 $1.20
Subtotal, CO_2 Related Coal $61.11 $154.81 $58.98
Gas $1.73 $11.38 $4.07
Unconventional Gas Recovery $1.73 $11.38 $4.07
Clean Coal Technology
Relevant Projects Industry DOE Total
Tidd PFBC Plant $107.3M $60.2M $167.5M
Appalachian IGCC Plant $156.3M $87.5M $242.8M
Colorado-Ute AFBC Plant $34.2 M $19.9M $54.1M

Alternative liquid fuels. The FY 1990 budget funds several programs designed to increase options for liquid fuels. With U.S. oil imports rising beyond the 40 percent mark (of total oil consumption), the most pressing national energy need is to ensure that we maintain an adequate and secure supply of liquid fuels.

As the chart on the next page shows, the FY 1990 Fossil Energy budget request contains $56.84 million for projects that can expand our liquid fuel options. This represents 34 percent of the total Fossil Energy R&D budget request. (For comparison, the FY 1989 budget request contained $39.65 million for liquids-related research, or approximately 24 percent of the total R&D budget request.)

In addition, as the chart indicates, two of the Round #1 Clean Coal Technology projects, with a total estimated value of more than $295 million, can contribute directly to increasing our domestic supply of liquid fuels.

Liquids Funding

Liquids from Coal

FY 1989	Request Amount	Request % of Total Request	Approps
Liquefaction	7.06	4.20%	25.49
Gasification	.83	0.49%	11.59
Coal Slurries (Alt. Fuels/Coal Prep.)	13.74	8.18%	23.20
AR&TD			
Bioprocessing	0	0%	1.02
Liquefaction	0	0%	6.90
Surface Coal Gas.	0	0%	2.68
Subtotal (from coal)	$21.63	12.87%	$70.88

FY 1990 Request	Amount	% of Total Request
Liquefaction	$6.56	3.97%
Gasification	6.04	3.66%
Coal Slurries (Alt. Fuels/Coal Prep.)	$15.03	9.10%
AR&TD		
Bioprocessing	.21	0.13%
Liquefaction	3.10	1.88%
Surface Gas.	.65	0.39%
Subtotal	$31.59	19.13%

Other Liquids

Enhanced Oil Rec.	$16.98	10.11%	$23.58
Oil Shale	1.04	0.62%	10.53
AE&PT	0	0%	4.20
UGR (Gas to Liquids)	0	0%	1.21
Subtotal (Other)	$18.02	10.73%	$39.52

EOR	18.24	11.04%
Oil Shale	1.68	1.02%
AE&PT	4.62	2.80%
UGR (Gas to Liquids)	0.35	0.21%
Subtotal	24.89	15.07%

Total liquids	**$39.65**	**23.60%**	**$110.40**	**$56.48**	**34.20%**
(FE R&D Request: $ 169.00)				(FE R&D Request: $165.21)	

Clean Coal Technology

	TOTAL	DOE	INDUSTRY
Ohio-Ontario Coal Oil Co-Processing	$225.67	$45.00	$189.67
Energy Int. Underground Coal Gasification	$ 70.12	11.79	58.32
Subtotal (Clean Coal Tech. Liquids)	$295.79	$56.79	$247.99

Western coal initiatives. The FY 1990 budget contains several initiatives that can boost prospects for increasing the use of coal in the West and for increasing U.S. western coal export opportunities.

The U.S. has several hundred years of coal supply in deposits found throughout the country. Eastern coals, primarily bituminous and anthracite coals, today represent 70 percent of all coal mined in the U.S. and 90 percent of all coals exported. Much of the Department's coal-related budget is aimed at increasing the attractiveness – particularly from an environmental standpoint – of using eastern coals.

Western coals – subbituminous coals and lignites – are naturally low in sulfur content, yet suffer from low heating values because of their high ash and moisture content. Their high alkali content also can lead to boiler fouling and increased plant operating costs. Yet, these coals represent more than half of the demonstrated U.S. coal reserve base and offer the potential for meeting increasing demands for power in the western region of the U.S. as well as in burgeoning overseas markets along the Pacific Rim and elsewhere.

In the FY 1990 budget, the Department has included several initiatives intended to bring the knowledge base for western coals up to the same level as that of eastern coals. Two strategies are being pursued:

1) to develop technologies that could help expand coal use in the West. For example, one initiative in the FY 1990 budget request would study the use of western coals in diesel engines, which could help reduce the Western railroad industry's use of imported oil. Another initiative would involve the study of special wastewater treatment techniques and reflects the need to understand better the unique aspects of dealing with chemical constituents that differ considerably from those of eastern coals. Additionally, efforts are underway in mild gasification, which could convert western coals to more valuable liquid, gaseous and solid fuels; and

2) to accelerate efforts to open new markets for western coals internationally, especially in the Pacific region. This would be implemented by providing U.S. coal producers and technology developers with information they can use to market their products abroad, as well as by attempting to link advanced coal drying and mild gasification processes to the export of western coals. DOE will also begin consultations with industry to determine if an appropriate role exists for the government in the research and development of coal transportation alternatives for western coals.

- **The FY 1990 budget continues support for oil and gas research with an emphasis on technology transfer to the independent producer.**

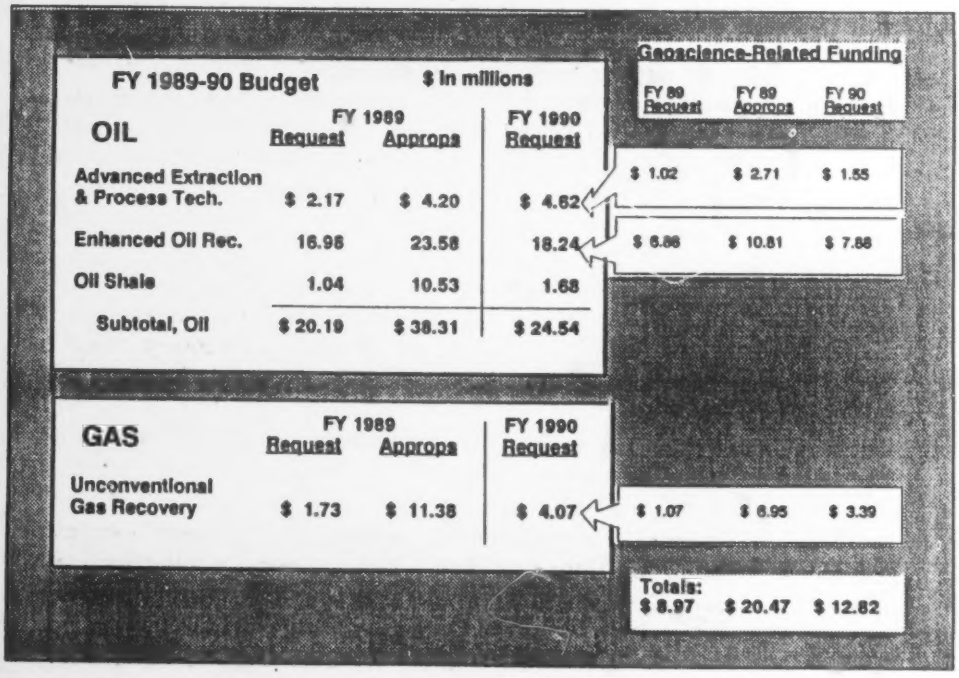
The FY 1990 fossil energy budget also maintains funding for vital research that can extend our domestic supplies of petroleum and natural gas. The U.S. has roughly 300 billion barrels of oil in known reservoirs that cannot be recovered with currently available technology at today's energy prices. This massive energy resource – more than 10 times the currently producible U.S. oil reserves – will require a better understanding of reservoir geology and fluid movement as well as the development of new, innovative recovery techniques. Significant potential also exists for *secondary gas recovery*, i.e., the production of natural gas that may have been bypassed or missed by conventional production techniques. The FY 1990 budget request contains funding to pursue both of these untapped hydrocarbon resources, as the following describes:

Petroleum. The FY 1990 petroleum-related budget, contained in two line items *Advanced Exploratory and Process Technology* and *Enhanced Oil Recovery*, continues

to implement many of the research priorities outlined in the Department's "Enhanced Oil Recovery (EOR) Initiative" published last year after wide consultation with industry, state and academic petroleum experts.

As the "Enhanced Oil Recovery Initiative" described, the currently unrecoverable oil resource in the U.S. is made up not only of traditional EOR targets (i.e., *immobile* oil resources that require the injection of heat, gases or chemicals to move oil through the reservoir) but also significantly large supplies of *mobile* oil resources that may have been bypassed because oil reservoirs are not homogeneous. These mobile oil resources, existing in subtle traps or "reservoir envelopes" or otherwise isolated by barriers to fluid flow, may not require extensive EOR measures. Instead, a better understanding of the reservoir geology can lead to more predictable improvements in conventional primary and secondary recovery operations.

Therefore the FY 1990 budget places a substantial emphasis on geoscience-related research. DOE has also encouraged the formation of geoscience-oriented consortia involving university, state agency and private organizations. While the geoscience projects are managed and conducted as an inherent part of the petroleum and gas programs, they are overseen by a newly-created Office of Geoscience Research, reporting directly to the Assistant Secretary for Fossil Energy. The geoscience-related funding for oil and gas related research is shown by the following chart:



Complementing the more fundamental geoscience research, the Department's FY 1990 petroleum budget also includes funding for both heavy and light oil recovery techniques. In the heavy oil program, research would continue on ways to increase the sweep efficiency of steamfloods and on new techniques for alkaline flooding. Novel extraction

methods for presently unrecoverable heavy oil resources would be explored, as would advanced methods for restimulating mature wells, conducting oxygen-fueled firefloods, and injecting heat more efficiently into heavy reservoirs. Cooperative efforts with Venezuela in reservoir characterization also would receive funding in FY 1990.

In the light oil program, a wide range of both in-house and cost-shared research would take place to improve current CO_2-injection techniques, including a study of the merits of using CO_2 mobility control concepts on the North Slope of Alaska.

Also in the light oil research program, laboratory and field tests would continue in the area of microbial enhanced oil recovery, including a newly commissioned field test to be conducted in conjunction with the University of Oklahoma.

To assist in carrying out many of the petroleum-related programs, the Department has also established a site office in Metairie, Louisiana. The new office will serve as the focus of hydrocarbon research and development programs for the southeastern region of the U.S. The director and initial staff of this office are now in place.

Gas-Related Research. The Department is also proposing funding to conduct high-priority gas-related research projects. With major field experiments now completed in programs involving tight sand formations in the West and eastern gas shales in the East, the largest proportion of gas-related research is being directed toward an intense study of *secondary gas recovery.* A DOE-sponsored study last year, conducted by a panel of gas experts, identified enough natural gas in the lower-48 states to meet current demand for 35 years at costs below $3.00 per thousand cubic feet. Of the nearly 600 trillion cubic feet of gas estimated by the panel to be in this cost range, nearly 60 trillion cubic feet was included in the secondary gas category; that is, gas in bypassed reservoirs, in untapped compartments, or in deep pools that could have been missed by conventional production method. Last year, DOE provided a grant to the University of Texas Bureau of Economic Geology to verify the existence of this gas and the best means for producing it.

The Department has oriented its gas research program to complement the efforts sponsored by the Gas Research Institute (GRI), the privately-supported research arm of the gas industry. GRI, for example, will manage the secondary gas recovery project. In all, GRI will finance more than $170 million of gas-related research this year.

Technology Transfer. The budget request reflects a major emphasis on establishing mechanisms for transferring the results of federally-sponsored research to the private sector. Special emphasis has been given to negotiating cooperative exchange agreements with state governments (13 such agreements are now in place), both as a way of leveraging federal research funds and providing a mechanism for transferring the results of federally-sponsored research to the private sector. In the oil program, specific initiatives have been undertaken to transfer technology especially to the 24,000 independent oil producers who conduct virtually no research themselves. Particular emphasis in this area involves cooperative efforts through the Interstate Oil Compact Commission, the Western Research Institute and the national laboratories (the latter involving the transfer of unclassified, defense-related technology for use in locating and recovering oil and gas supplies).

More detailed information on each of the Fossil Energy research and development activities is included in the following program fact sheets.

COAL RESEARCH AND DEVELOPMENT

Control Technology and Coal Preparation

Funding Activities	Dollars in Millions FY 1988	FY1989	FY1990
Advanced research	$ 2.0	$ 1.8	$ 1.9
Coal Preparation	15.8	17.7	11.3
Flue Gas Cleanup	14.5	16.4	11.4
Gas Stream Cleanup	9.9	11.5	4.6
Waste Management	1.4	1.5	3.1
Total	$ 43.6	$ 48.9	$ 32.3

Background

- **Advanced Research,** generic and fundamental in nature, is conducted on processes used to separate constituents such as sulfur and nitrogen oxides in coal fuel streams before, during and after combustion.
- **Coal Preparation** is directed toward the development of advanced coal cleaning technologies that will reduce the ash and sulfur content of U.S. coal so that the product can be formulated into a high quality fuel that could replace oil and/or gas and reduce environmental emissions of suspected acid rain precursors from coal-fired power plants in both new and retrofit applications. Research is conducted in three broad areas: (1) physical treatment and cleaning; (2) chemical/biological pretreatment and cleaning; and (3) engineering support and ancillary operations.
- **Flue Gas Cleanup** addresses the removal of polluting contaminants from fossil fuel fired systems to meet current and projected environmental standards that inhibit the utilization of fossil fuels. Efforts focus on fundamental research of processes for the combined removal of NO_x, SO_x and particulates, both for utility and industrial applications.
- **Gas Stream Cleanup** includes the technology for removal of contaminants from gasifier and combustor process streams prior to utilization in coal conversion systems. Both hardware and environmental protection are key concerns. Applications include PFB combustors, integrated gasifier combined cycle (IGCC) turbines, direct coal-fired turbines, coal-fueled diesels, and liquid fuel production.
- **Waste Management** focuses primarily on waste sampling and characterization from coal preparation and emerging technology wastes.

FY 1990 BUDGET	Dollars in Millions
• **Advanced Research**	
– Increase generic research on acid rain precursors and their removal. Examine the surface properties of coal and coal minerals. Continue studies of SO_x/NO_x separation processes and the effects of process filtration processes. (FY 1989 - $1.8M)	$1.9
• **Coal Preparation**	
– Initiate western coal drying research. (FY 1989 - $0)	0.5
– Continue research and explore new concepts for physical and chemical/biochemical coal cleaning. Continue research on technologies for controlling emissions from pre-NSPS utility boilers. (FY 1989 - $8.3M)	5.9
– Continue DOE/EPRI testing of most promising advanced concepts for fine coal cleaning. (FY 1989 - $2.2M)	0.5
– Continue high sulfur coal research program with the State of Illinois. (FY 1989 - $1.5M)	1.5
– Continue in-house research to investigate and evaluate advanced physical and chemical coal cleaning concepts. Continue organic sulfur chemistry studies. Characterize feedcoal and coal cleaning products, and study the role of surface functional groups in coal treatment. Continue program management support. (FY 1989 - $3.0M)	2.9
• **Flue Gas Cleanup**	
– Continue research for TUNG scrubbing process. Participate in EPRI program of emissions control for electric power generating stations burning high-sulfur coals. Continue spray dryer and in-duct technology development and systems integration studies for low cost duct injection. (FY 1989 - $5.8M)	4.6
– For combined NO_x/SO_x control, continue advanced NO_x/SO_x chemistry research, systems modeling, and economic evaluation. Continue development of advanced separation, evaluation of the moving-bed copper oxide process, and large scale development of NO_x/SO_x processes. (FY 1989 - $7.4M)	5.0
– Continue advanced NO_x control research, larger scale tests of fine particulate control in coal-fired boilers, research on emissions control from small scale boilers, and provide for technical and program management support. (FY 1989 - $2.4M)	1.8

FY 1990 Budget (con'd)	Dollars in Millions
• **Gas Stream Cleanup**	
– For Integrated Gasification Combined Cycle, continue development of novel sorbents and sorbent reactors. Commission a desulfurization system for a gasifier test facility. (FY 1989 - $3.8M)	1.8
– For Direct Coal-Fired Turbines, continue development of acoustic agglomeration, sulfur/particulate removal, and integrated low emissions concepts. Design cleanup equipment for METC combustor. (FY 1989 - $2.2M)	1.7
– Conduct systems analysis, membrane development, and program management support. (FY 1989 - $2.3M)	1.1
• **Waste Management**	
– Conduct wastewater treatment R&D for western coal processing. (FY 1989 - $0)	1.9
– Continue multi-site field monitoring of disposed wastes; geochemical and geotechnical analysis of wastes; characterization of wastes; waste-related data base maintenance; and program management support. (FY 1989 - $1.4M)	1.2
Total, Control Technology and Coal Preparation	$ 32.3

Advanced Research and Technology Development

	Dollars in Millions		
Funding Activities	FY 1988	FY 1989	FY 1990
Coal Utilization Science	$ 4.5	$ 3.7	$ 3.5
Materials & Components	8.5	8.5	6.4
Technology Crosscut			
Environmental Activities	2.4	2.6	2.5
Technical & Economic Analyses	1.5	2.0	2.7
Exploratory Tech. Base Res.	0.0	0.0	2.4
Coal Technology Export	0.0	0.0	2.4
International Program Support	0.0	0.8	0.7
Instrumentation & Diagnostics	1.5	1.5	1.3
Bioprocessing of Coal	1.0	1.0	0.2
University Coal Research	5.5	5.5	3.8
Total	$ 24.9	$ 25.6	$25.6

Numbers may not add due to rounding

Background

- The Advanced Research and Technology Development (AR&TD) Program is directed toward removing the inherent scientific and engineering barriers in generic technical areas that may hinder the development of all fossil energy technologies.
- The coal science program focuses on mission-oriented fundamental research which will lead to coal utilization systems that offer substantial improvements in efficiency, reliability and environmental performance.
- The AR&TD program includes generic studies of materials and components, investigations of instrumentation concepts in environments associated with advanced coal technologies, and exploratory research with high payoff potential for major advances to enhance greater use of coal in the U.S.
- The technology crosscut program undertakes management and scientific studies and research relating to several crosscutting areas relating to fossil fuel technologies.

FY 1990 Budget	Dollars in millions
• Coal Utilization Science	
– Continue generic studies of coal properties and the underlying chemistry and physics of coal utilization processes. Includes research on surface science pertaining to coal beneficiation; combustion science pertinent to boilers, heaters, heat engines, gas turbines and fluidized beds; separation science pertinent to SO_x/NO_x, particulate and trace element pollutant removal; and waste characterization. Continue to fund technical and program management support. (FY 1989 - $3.7M)	$ 3.5
• **Materials**	
– Continue research on structural ceramic composites, microwave sintering, advanced austenitic alloys, advanced aluminides, ceramic membranes, ceramic catalyst supports, mechanisms of erosion and corrosion, solid oxide fuel cell materials, and studies of the formation and breakdown of protective oxide scales. Continue to fund technical and program management support. (FY 1989 - $6.5M)	5.0
• **Components**	
– Continue activities to develop novel components for advanced coal technologies, fundamental research on solids transport, and continue to fund technical and program management support. (FY 1989 - $2.0M)	1.4
• **Environmental Activities**	
– Continue analyses of issues associated with air and water quality, solid waste disposal, and toxic substan-	2.5

FY 1990 Budget (con'd)	Dollars in Millions
ces. Continue support of occupational health, quality assurance, and safety compliances services. Continue research conducted under NAPAP with emphasis on quality assurance of data and analytical tools. (FY 1989 - $2.5M)	
• **Technical & Economic Analyses**	
– Continue generic studies supporting multi-year planning, FE strategy and program formulation; conduct contract studies that crosscut a number of FE programs, fund IEA/Coal Research Service activities. (FY 1989 - $2.0M)	2.7
• **Exploratory Technology Base Research**	
– Fund joint government-industry cost-shared research at Western Research Institute and the University of North Dakota Energy and Minerals Research Center (FY 1989 - $0.0M)	2.4
• **International Program Support**	
– Conduct analyses, studies and technical evaluations of the IEA and bilateral agreement activities in which the FE program is involved and provide technical and logistic support for international collaborative fossil energy research. (FY 1989 - $0.8M)	0.7
• **Coal Technology Export**	
– Provide support for coal technology export and linkage studies, coal and coal technology programs and promotion initiatives, Less Developed Countries Coal/Technology Export project identification, prefeasibility and project initiatives, and U.S./Italy project on Superclean Coal Water Slurries. (FY 1989 - $0.0M)	2.1
• **Instrumentation and Diagnostics**	
– Investigate in-situ instruments and develop spectroscopic techniques to identify molecular species and to provide process control in hot gas streams. Characterize coal liquid slurry atomization and develop novel viscosity measurement methods for coal slurry based combustion systems. Investigate fiber optics technology, explore instrumentation techniques for densely loaded streams, provide crosscutting instrumentation system information, and fund technical and management support. (FY 1989 - $1.5M)	1.3

FY 1990 Budget (con'd)	Dollars in Millions
• **Bioprocessing of Coal**	
– Continue, at a reduced level of effort, research on bioprocessing of coal with emphasis on fundamental mechanisms of desulfurization and provide technical and management support. (FY 1989 - $1.0M)	0.2
• **University Coal Research**	
– Support approximately 22 new grants at universities on the ongoing research topics including coal science, reaction chemistry, surface science, advanced process concepts, thermodynamics, engineering fundamentals, and environmental sciences; continue encouragement of collaboration between university and industrial researchers. Provide for technical and management support. (FY 1989 - $5.5M)	3.8
Total, Advanced Research and Technology Development	$25.6

Coal Liquefaction

Funding Activity	Dollars in Millions FY 1988	FY 1989	FY 1990
Advanced Research	$ 6.1	$ 6.9	$ 3.1
Direct Liquefaction	13.4	17.3	2.9
Indirect Liquefaction	6.6	6.6	2.7
Support Studies/Engineering Evaluations	1.0	1.6	1.0
TOTAL	$27.1	$32.4	$9.7

Background

- This program supports basic and applied research to develop advanced technology for the production of synthetic liquid fuels from coal. The Department focuses upon two approaches to produce liquid fuels from coal, direct liquefaction and indirect liquefaction.

FY 1990 Budget	Dollars in Millions
• **Advanced Research**	
– Continue research on: novel catalytic, biological and other approaches to coal liquefaction; improving the understanding of liquefaction processes; and, on	$ 3.1

FY 1990 Budget (con'd)	Dollars in Millions
physical, chemical and thermodynamic properties of fossil fuel liquids. Continue to fund technical and program management support. (FY 1989 - $6.9M)	
• **Indirect Liquefaction**	
– Continue laboratory research at PETC investigating catalysts/reactor systems to efficiently convert coal derived gaseous feedstocks to gasoline, diesel, or jet fuels. Maintain limited laboratory research with industry and universities on alcohol and hydrocarbon fuel process concepts. (FY 1989 - $6.6M)	2.7
• **Direct Liquefaction**	
– Continue PETC in-house research. Continue laboratory research in co-processing. Maintain limited research on staged catalytic liquefaction. (FY 1989 - $17.3M)	2.9
• **Support Studies/Engineering Evaluations**	
– Maintain process stream characterization research for advanced coal liquefaction and co-processing processes. Continue novel catalyst development and process studies at Sandia National Lab. (FY 1989 - $1.6M)	1.0
Total, Coal Liquefaction	**$ 9.7**

Combustion Systems

Funding Activities	FY 1988	FY1989	FY1990
Advanced Research	$ 3.4	$ 3.0	$ 1.2
Atmospheric Fluidized Bed	2.4	2.7	1.7
Pressurized Fluidized Bed	7.2	9.3	6.6
Advanced Combustion Tech.	3.5	6.2	2.6
Alternative Fuels Utilization	3.7	5.5	3.7
Limestone Injection Multi-Stage Burners	5.0	0.0	0.0
TOTAL	$25.2	$26.7	$15.8

Background

- The Department of Energy has developed a program to increase the contribution and application of the nation's coal resources through the development of acceptable combustion systems and fossil-derived fuels for the marketplace. The programs within the overall Combustion Systems activity

are: Advanced Research, Atmospheric Fluidized Bed, Pressurized Fluidized Bed, Alternative Fuels and Advanced Combustion Technology. Funding for the LIMB program, conducted by EPA, was also part of this activity.

FY 1990 Budget	Dollars in Millions
• **Advanced Research**	
– Continue generic studies to examine the fundamental aspects of combustion mechanisms, engine combustion design, corrosive behavior and deposition of combustion products. (FY 1989 - $3.0M)	$ 1.2
• **Atmospheric Fluidized Bed Combustion**	
– Continue to conduct in-house experimental and analytical erosion studies and AFBC development efforts. (FY 1989 - $0.5M)	0.5
– Initiate proof-of-concept testing within the Advanced Concepts Program. (FY 1989 - $0.7M)	0.4
– Continue subsystem development testing within the Special Applications Program. (FY 1989 - $1.0M)	0.4
– Continue low rank coal studies at UNDEMRC. (FY 1989 - $0.5M)	0.1
– Initiate cooperative research with WRI. (FY 1989 - $0.0M)	0.3
• **Pressurized Fluidized Bed Combustion**	
– Initiate advanced second generation PFBC systems component research efforts. (FY 1989 - $0.0M)	0.2
– Continue modeling studies and mechanisms for tube wastage alloys for long term testing. Provide technical and program management support. (FY 1989 - $0.9M)	0.6
– Continue research efforts at METC on PFB dynamics, systems analysis and combustion characterization, technology and economic analysis assessment, evaluation of alternate advanced PFB systems and low rank coal listing at UNDEMRC. (FY 1989 - $1.9M)	1.7
– Continue Advanced Concepts Phase II development and proceed with phase III, if appropriate. (FY 1989 - $4.5M)	4.1
– Continue Hot Gas Clean-up Test Stream design evaluations for installation at TIDD PFB Demonstration Plant. (FY 1989 - $2.0M)	0.0
• **Advanced Combustion Technology**	
– Continue development of the most promising ad-	1.8

FY 1990 Budget (con'd)	Dollars in Millions
vanced combustion systems for industrial, utility, commercial and residential applications. (FY 1989 - $5.2M)	
– Continue in-house activities on combustion enhancement and pollution suppression research including data base development for technology transfer to the private sector. Continue to provide technical and program management support. (FY 1989 - $1.0M)	0.8
• **Alternative Fuels Utilization**	
– Complete formulation and characterization of coal-based fuels in support of the advanced combustion systems program. Continue transport, handling and storage studies, and combustion characterization of beneficiated coal based fuels. Continue project management support. Assess and test deeply beneficiated coals for retrofitting large pre-NSPS coal-fired boilers for acid rain control. Continue cooperative agreement with UNDEMRC. Provide technical and program management support. (FY 1989 - $5.5M)	3.7
Total, Combustion Systems	**$15.8**

Fuel Cells

Funding Activities	Dollars in millions FY 1988	FY1989	FY1990
Advanced Research	$ 1.5	$ 1.6	$ 1.0
Phosphoric Acid Systems	13.2	9.5	0.0
Molten Carbonate Systems	11.1	7.1	3.4
Advanced Concepts	8.4	8.3	2.1
TOTAL	$34.2	$26.5	$ 6.5

Background

- The objectives of the Fuel Cells program are to support high risk, high payoff technology base development and to assist private industry in developing hydrocarbon fuel conversion technologies to improve the cost effective, efficient and environmentally acceptable use of conventional and alternative hydrocarbon fuels.
- Advanced research, fundamental and generic in nature, is conducted to better understand the basis of the underlying processes involved in fuel cell operation and to explore novel concepts and advanced materials.

- Phosphoric acid systems have reached a near-commercial technical status with large scale testing underway. The Department proposes that any further technology development of phosphoric acid fuel cells be the responsibility of the private sector.
- The technical feasibility of molten carbonate fuel cells operating at approximately 60 percent electrical conversion efficiency (natural gas to busbar) has been forecast by single cell testing. The complexity and associated capital costs of advanced fuel cell systems are projected to be less than those for first generation phosphoric acid fuel cell systems.
- The solid oxide fuel cell is an advanced, high temperature solid state fuel cell that offers promise in electric utility and in cogeneration applications in industrial and commercial sectors.

FY 1990 Budget	Dollars in Millions
• **Advanced Research**	
– Continue generic research in basic electrochemistry science. (FY 1989 - $1.6M)	$ 1.0
• **Molten Carbonate Systems**	3.2
– Complete the three ongoing coal-fueled molten carbonate fuel cell (MCFC) stack technologies leading to a new competitive action to select the most promising MCFC technology. (FY 1989 - $6.8M)	0.2
– Continue systems assessment of MCFC systems, and program management support. (FY 1989 - $0.3M)	1.5
• **Advanced Concepts**	
– Continue development of tubular solid oxide fuel cell (SOFC) technology for coal-fueled applications. (FY 1989 - $6.9M)	0.6
– Continue gasification/solid oxide fuel cell system analysis and materials characterization and development. Continue program management support. (FY 1989 - $1.4M)	
Total, Fuel Cells	$ 6.5

Heat Engines

Funding Activities	Dollars in millions FY 1988	FY1989	FY1990
Gas Turbines	$ 11.0	$ 13.1	$ 6.5
Diesel Engines	7.0	9.7	2.4
TOTAL	$ 18.0	$ 22.8	$ 8.9

Background

- The principal goal of this program is to establish a technical data base through selected research which will enable the private sector to develop the technology needed for direct firing of coal and to assess the commercial viability of coal-fueled power conversion systems.
- The program focuses on key technical problems associated with substituting coal or coal-derived gaseous fuels for distillate fuels or natural gas in gas turbine and diesel power conversion systems.
- Applications for this technology include industrial cogeneration, combined cycle electric power generation, repowering of existing generating capacity, and power sources for both rail and marine transportation.
- The FY 1990 budget request for Heat Engines is believed to be appropriate given current fiscal constraints. It is not necessary to fund multiple approaches in this program area, particularly in times of funding limitations. We believe that funding the most advantageous technical approaches will still provide for a strong development activity.

FY 1990 Budget	Dollars in Millions
• **Gas Turbines**	
– Continue coal-fueled gas turbine integrated systems testing with one contractor. (FY 1989 - $9.7M)	$ 3.8
– Continue pressurized coal combustion testing, advanced combustion test facility fabrication, and systems analyses. Continue low rank coal activities and program management support. (FY 1989 - $3.4M)	2.7
• **Diesel Engines**	
– Continue coal-fueled diesel engine integrated system development with one contractor. Continue combustion testing and systems analysis, low-rank coal activities, and program management support. (FY 1989 - $9.7M)	2.4
Total, Heat Engines	**$ 8.9**

Underground Coal Gasification

	Dollars in Millions		
Funding Activities	FY 1988	FY 1989	FY 1990
Gasification Tech. Develop.	$ 1.7	$ 0.3	$ 0.2
Environmental & Adv. Research	1.1	1.1	0.2
TOTAL	$ 2.8	$ 1.4	$ 0.4

Background

- This program supports the development of viable technology for in situ conversion of coal to a cleaner burning, easily transportable gaseous fuel.
- Program efforts are directed toward the definition of technical, operational, and environmental parameters sufficient to allow industry to make decisions concerning the commercial development of the technology.

FY 1990 Budget	Dollars in Millions
• **Gasification Technology Development**	
– Continue cooperative research efforts with WRI. (FY 1989 - $0.3M)	$ 0.2
• **Environmental and Advanced Research**	
– Continue environmental compliance, restoration, and reclamation activities at historical UCG test sites as required by law. (FY 1989 - $1.1M)	0.2
Total, Underground Coal Gasification	$ 0.4

Magnetohydrodynamics

	Dollars in millions		
Funding Activities	FY 1988	FY 1989	FY 1990
Proof-of-Concept Topping Cycle	$ 21.1	$ 24.1	$ 0.0
Proof-of-Concept Bottoming Cycle	8.4	8.8	0.0
Proof-of-Concept Seed Regeneration	0.9	0.2	0.0
System Studies, Supporting Research & Conceptual Design	4.6	3.9	0.0
TOTAL	$ 35.0	$37.0	$ 0.0

Background

- The current FY 1989 MHD program continues the second year of the planned five-year proof-of-concept (POC) program which is based on the Department's June 1984 Coal-Fired MHD Preliminary Transition and Program Plan (and outlined in the FY 1988 MHD Program Plan). This program has been providing the design basis for the development of components and subsystems and furnishing the technology base for integrated, long duration, POC testing. Long duration POC testing would be needed for the advancement of the MHD technology to the retrofit demonstration stage which is a necessary prerequisite for subsequent commercial application.

FY 1990 Budget	Dollars in Millions
– No funds have been requested for FY 1990. Since it is estimated that $114 million (in constant FY 1988 dollars) is needed to complete POC testing, the Department believes that the cost of continuing its MHD program is not affordable in light of current fiscal constraints. (FY 1989 - $37.0M)	$ 0.0

Surface Coal Gasification

	Dollars in millions		
Funding Activities	FY 1988	FY1989	FY1990
Advanced Research	$ 2.7	$ 2.7	$ 0.7
Systems for Power Production	11.2	5.9	1.2
Systems for Industrial Fuel Gas Production	1.4	0.9	0.8
Systems for Synthesis Gas Production	1.9	2.5	1.1
Systems for Coproducts Production	5.3	9.1	4.9
Great Plains Coal Gasification Project	0.5	0.5	0.0
TOTAL	$23.0	$21.6	$ 8.7

Background

- The Surface Coal Gasification program is organized to foster the development of advanced gasifier systems for the production of: electric power, synthesis gas (for synthetic natural gas, indirect liquefaction, and chemical feedstocks), industrial fuel gas, and coproducts (simultaneous production of solids, liquids, and gases). This activity also provides for basic and fundamental research related to surface coal gasification processes including studies of reaction mechanisms and chemistry.

FY 1990 Budget	Dollars in Millions
• **Advanced Research**	
– Conduct work on product and precursor properties of condensible hydrocarbons and concepts for bulk gas separation. Continue coal gasification system assessment and modeling efforts, and conduct ash agglomeration studies in fluidized bed gasifiers. (FY 1989 - $2.1M)	$ 0.6

FY 1990 Budget (con'd)	Dollars in Millions
– Continue work on separating hydrogen from synthesized gas using ion exchange membranes. (FY 1989 - $0.5M)	0.1
• **Systems for Power Production**	
– Continue METC in-house sulfur kinetic studies and technical and program management support. (FY 1989 - $1.8M)	0.7
– Continue development and testing of hot desulfurization in an entrained flow reactor system for power generation. (FY 1989 - $1.4M)	0.5
• **Systems for Industrial Fuel Gas Production**	
– Continue operation of the fluidized bed reactor at METC as well as continuing support for the planning, implementation, and application of the gasification data base. Continue instrumentation research efforts. Provide technical and program management support. (FY 1989 - $0.9M)	0.8
• **System for Synthesis Gas Production**	
– Continue engineering and technical support for the joint DOE/GRI program. (FY 1989 - $0.5M)	0.2
– Continue development for hydrogen production from low rank coal. (FY 1989 - $0.8M)	0.5
– Continue systems analysis and model development efforts. Provide technical and program management support. (FY 1989 - $0.5M)	0.4
• **Systems for Coproducts Production**	
– Conduct mild gasification studies to establish a matrix of product yields and investigate product options for coal-based fuels from mild gasification. (FY 1989 - $8.1M)	3.2
– Evaluate advanced technologies for treating and upgrading low rank coals. (FY 1989 - $0.4M)	1.0
– Investigate pyrolysis of coal under mild gasification conditions and upgrading condensibles to marketable high value fuels. (FY 1989 - $0.0M)	0.4
– Continue modeling analysis and system analysis. Provide technical and program management support. (FY 1989 - $0.5M)	0.3
Total, Surface Coal Gasification	**$ 8.7**

PETROLEUM AND GAS

Advanced Extraction and Process Technology

Funding Activities	Dollars in millions FY 1988	FY 1989	FY 1990
Arctic and Offshore Research	$ 0.4	$ 0.4	$ 0.0
Fundamental Geoscience and Extraction Research	2.0	2.7	1.6
Supporting Technology and Environmental Research	1.0	0.9	3.0
University Geoscience Research	0.0	0.2	0.0
TOTAL	$ 3.4	$ 4.2	$4.6

Background

- The Advanced Extraction and Process Technology (AEPT) program pursues new concepts to achieve major increases in efficiency and cost reduction of recovery techniques for oil, gas, and oil shale.
- The goals of this research program are: (1) to conduct fundamental research relevant to recovery of oil, gas and oil shale, (2) to pursue application of discoveries from unexplored new concepts which may achieve major increases in the recovery of oil, gas and oil shale resources, and (3) to develop a fossil energy-related knowledge base that will improve the economics of fossil fuel production in the Alaskan Arctic and U.S. offshore operations and will expand the reserves.

FY 1990 Budget	Dollars in Millions
• **Fundamental Geoscience and Extraction Research**	
– Continue research on geoscience and extraction technology and development of advanced instrumentation to measure reservoir characteristics and thermal fronts. (FY 1989 - $2.7M)	$ 1.6
• **Supporting Technology and Environmental Research**	
– Continue a program of fundamental studies including crosscutting research in petroleum chemistry focusing on structural characterization and determination of the structure-property relationship of heavy crude, intermediate product stream, product, and byproduct. (FY 1989 - $0.7M)	0.6
– Provide funding for joint government-industry cooperative research activities at Western Research Institute and the University of North Dakota Energy and Minerals Research Center (FY 1989 - $0.0M)	2.3

FY 1990 Budget (con'd)	Dollars in Millions
– Fund technical and program management support. (FY 1989 - $0.1M)	0.1
Total, Advanced Extraction and Process Technology	**$ 4.6**

Enhanced Oil Recovery

Funding Activities	Dollars in Millions FY 1988	FY 1989	FY 1990
Heavy Oil	$ 3.7	$ 4.3	$ 4.1
Light Oil	9.9	16.7	14.1
Tar Sands	2.0	2.6	0.0
Pilot Ventures Program	1.0	0.0	0.0
TOTAL	$16.6	$23.6	$18.2

Background

- Enhanced oil recovery (EOR) represents technologies that can increase domestic oil production between now and the critical time when the nation will likely rely more extensively on synthetic fuels.
- There is a need for the Department of Energy to assist industry in obtaining a better understanding of the mechanisms and behavior of advanced and novel EOR processes that can lead to improved and new process concepts for the recovery of presently unrecoverable oil resources.
- Program concentration is also upon the development of advanced oil recovery techniques and on reservoir characterization as part of the Fossil Energy Geoscience effort.

FY 1990 Activities	Dollars in Millions
• **Heavy Oil**	
– Continue basic research in mobility control mechanisms of steamflood additives. Define the mechanisms by which foam increases oil recovery and develop analytical and numerical models. Develop relative permeability and capillary pressure data. (FY 1989 - $1.3M)	$ 1.6
– Continue cooperative research with Venezuela on petroleum reservoir characterization and recovery studies and conduct technical and analytical assessments related to geoscience and recovery technology. (FY 1989 - $0.5M)	0.5
– Continue a geoscience characterization program, research in novel extraction approaches to presently	2.0

FY 1990 Budget (con'd)	Dollars in Millions
deemed unrecoverable, heavy oil resources, and fundamental studies of reservoir characteristics and injection fluid interactions. Provide program support. (FY 1989 - $2.5M)	
• **Light Oil**	
– Continue a broad based program of research in light oil recovery techniques and conduct related planning, technical and analytical assessments. (FY 1989 - $4.2M)	4.2
– Continue a geoscience effort and reservoir characterization and related fundamental studies addressing definition of reservoir structure and composition. (FY 1989 - $6.1M)	5.1
– Continue microbiological studies and explore the feasibility of other novel methods of extraction of residual oil resources. (FY 1989 - $1.6M)	1.2
– Continue a research program to utilize CO_2 and other gas recovery methods in a variety of situations to promote the efficient, effective and predictable application of these techniques. (FY 1989 - $1.8M)	1.8
– Continue industry/state cooperative work to apply lab scale EOR concepts in mature fields. Develop retrofit technology to reduce stripper well costs. Provide program support. (FY 1989 - $3.0M)	1.8
Total, Enhanced Oil Recovery	$18.2

Oil Shale

Funding Activities	Dollars in Millions FY 1988	FY 1989	FY 1990
Oil Shale Technology Base	$ 6.7	$ 7.5	$ 1.0
Environmental Mitigation	2.8	3.0	0.7
TOTAL	$ 9.5	$ 10.5	$ 1.7

Background

- Oil shale technology development involves the development of extraction and conversion processes designed to convert oil shale to various liquid fuels. The program focuses on basic research to systematically study the chemistry, kinetics, and emissions related to eastern and western shale processing.
- The Environmental Mitigation program attempts to improve the technological base that can reduce the economic and environmental constraints to in-

FY 1990 Budget (con'd) — **Dollars in Millions**

dustrial development of U.S. oil shale resources and can increase the amount of resources that may be used economically.

- Oil Shale Technology Base
  - Continue METC in-house research on kinetics with modeling support, development of system analysis capability, and applied studies. Fund WRI to perform characterization of reference shales. (FY 1989 - $7.5M) — $ 1.0
- Environmental Mitigation
  - Continue studies of mechanisms of pollutant generation and fate, process stream characterization, and development of an environmental data base. (FY 1989 - $3.0M) — 0.7

Total, Oil Shale — $ 1.7

Unconventional Gas Recovery

	Dollars in Millions		
Funding Activities	**FY 1988**	**FY 1989**	**FY 1990**
Eastern Gas Shales	$ 2.3	$ 3.1	$ 0.3
Western Tight Gas Sands	3.3	3.3	0.3
Environmental and Advanced Research	4.9	5.0	3.5
TOTAL	$10.5	$11.4	$ 4.1

Background

- This program fosters the development of advanced technologies for the extraction of natural gas from currently unrecoverable gas resources by reducing the uncertainty surrounding the potential magnitude of the unconventional gas resources and the conditions under which they can be produced. The program will develop and improve extraction technologies only to the point where concepts are proven and economics established.

FY 1990 Budget — **Dollars in Millions**

- Eastern Gas Shales
  - Continue limited in-house support for and update the predictive models associated with reservoir and stimulation performance; continue minimal systems studies in support of production strategies. (FY 1989 - $3.1M) — $ 0.3
- Western Tight Gas Sands
  - Continue limited in-house work with predictive reser- — 0.3

FY 1990 Budget (con'd)	Dollars in Millions
voir and stimulation models; expand technical data base. Continue minimal systems analyses in support of production strategies and forecasts of regional production patterns in light of multi-well results. (FY 1989 - $3.3M)	
• **Environmental and Advanced Research**	
– Continue in-house geologic, geophysical and geochemical efforts to study deep source gas generation potential for sediments subducted by plate tectonic convergence. (FY 1989 - $0.1M)	0.2
– Limit studies to determine problems with heavy oil reservoirs containing hydrates. Continue in-house research on gas hydrates and catalyst systems for converting natural gas to liquids. (FY 1989 - $2.4M)	0.9
– Continue secondary gas recovery program. (FY 1989 - $2.5M)	2.4
Total, Unconventional Gas Recovery	**$ 4.1**

MANAGEMENT AND OTHER BUDGET ITEMS

Program Direction and Management Support

Funding Activities	Dollars in millions FY 1988	FY 1989	FY 1990
Headquarters Program Direction			
Salaries and Benefits	$ 9.1	$ 9.5	$ 8.5
Travel	0.5	0.5	0.4
Contract Services	3.1	6.2	0.2
ETC Program Direction			
Salaries and Benefits	$19.0	$18.6	$13.6
Travel	1.0	0.9	0.6
Contract Services	26.3	31.3	2.2
Federal Inspector for the Alaskan Natural Gas Transportation System	$ 0.2	$ 0.3	$ 0.3
TOTAL	**$59.2**	**$67.3**	**$25.8**

Background

This activity provides funding for salaries, benefits and overhead expenses for the management of FE programs at Headquarters and the Energy Technology Centers:

- The Headquarters staff is responsible for overall program direction which implements DOE policy and communicates that policy to the Energy Technology Centers, sets program objectives, develops program plans and evaluates alternative program strategies, develops and defends budget requests to the Office of Management and Budget and to the Congress, approves procurement plans, monitors work progress, evaluates projects, approves revisions in work plans as required to attain program goals, and supports the Office of Geoscience Research.
- The Energy Technology Centers support day-to-day project management functions for assigned programmatic areas including contract and National Laboratory monitoring, development and maintenance of project budget and procurement plans, and other activities related to program and site support.
- The Office of the Federal Inspector for the Alaska Natural Gas Transportation System is responsible for coordinating all Federal activities pertaining to the construction and initial operation of the pipeline. The Office of the Federal Inspector also enforces federal laws and permits, and monitors activities that affect the system.

FY 1990 Budget	Dollars in Millions
• **Headquarters Program Direction**	
– Provide funds for salaries and benefits of 125 FTEs at Headquarters. This staff implements and communicates policy to the ETC's, sets program objectives, develops program plans and evaluates alternative strategies; develops and defends budget requests; approves procurement plans, and monitors work programs. (FY 1989 - $9.5M)	$ 8.5
– Provide funds for support of the activities stated above. Both domestic and international travel is conducted. (FY 1989 - $0.5M)	0.4
– Provide for contractual services that are generic to the entire FE program. Included are items such as printing, computer services, technical support services, conferences, etc. (FY 1989 - $6.3M)	0.2
• **ETC Program Direction**	
– Provide funds for salaries and benefits of the ETC staff of 243 FTEs. Activities of the staff include contract and lab monitoring; development and maintenance of project, budget and procurement plans, and other activities related to program and site support. (FY 1989 - $18.6M)	13.6
– Provide funds for travel in support of the coordination of the above activities in the attainment of program goals, both domestically and abroad. (FY 1989 - $0.9M)	0.6

FY 1990 Budget	Dollars in Millions
– Provide funds for facility operations, maintenance, finance and administrative support and other costs not appropriately chargeable to R&D projects, in support of this level of FTE's. (FY 1989 - $31.3M)	2.2
• **Federal Inspector for the Alaskan Natural Gas Transportation System**	
– Provide funds for administrative and support functions; continue to assess developments in U.S. and Canadian energy markets and maintain liaison with project sponsors, producers, other government agencies, State of Alaska and the Canadian government. (FY 1989 - $0.3M)	0.3
Total, Program Direction and Management Support	$25.8

Plant and Capital Equipment

Funding Activities	FY 1988	FY 1989	FY 1990
	Dollars in millions		
Capital Equipment	$ 0.5	$ 0.5	$ 0.0
Construction	17.7	21.2	1.9
TOTAL	$18.2	$21.7	$ 1.9

Background

- Capital equipment is purchased annually to replace obsolete equipment so that the analytical capabilities are constantly being upgraded at the Energy Technology Centers (ETCs) and the National Laboratories.
- General plant projects are essential to the safe, efficient operation of the ETCs and construction is dedicated to a number of improvements, alterations and additions at each of the Energy Technology Centers.
- The major reduction between the FY 1989 appropriations and the FY 1990 request is primarily the result of the completion of the government's funding commitments for two Congressionally-added construction projects (at West Virginia University and the University of Oklahoma).

FY 1990 Budget	Dollars in Millions
• Construction	
– Continue construction of chemical engineering laboratories project at PETC. (FY 1989 - $1.3M)	$ 1.9
Total, Plant and Capital Equipment	$ 1.9

Environmental Restoration

Funding Activities	Dollars in millions FY 1988	FY 1989	FY 1990
RCRA Remedial Actions	$ 0.0	$ 0.0	$ 0.0
CERCLA Remedial Actions	0.0	0.0	1.0
TOTAL	$ 0.0	$ 0.0	$ 1.0

Background

- In May 1983, the Pittsburgh and Midway Coal Mining Co. (P&M), the DOE contractor/operator of the Ft. Lewis Pilot Plant (Tacoma, Washington), was notified by EPA that, under the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), it was potentially liable along with hundreds of others, for cleanup of the Western Processing Site. The site was used for disposal of industrial waste from the Solvent Refined Coal pilot plant operated from 1974 to 1981.
- DOE, P&M and others have agreed to pay the costs of cleaning up the site and a trust fund has been established to receive and disburse payments.
- Total site cleanup (Phase I/Surface and Phase II/Subsurface) was estimated to be a minimum of $40 million. Currently, cleanup is in Phase II and monitoring will not be complete until the year 2020.
- In May 1988, the Laramie Project Office received a Notice of Violation from the Wyoming Department of Environmental Quality. As a result of this Notice, the Department has agreed to assist in the cleanup of the Rock Springs site.

FY 1990 Budget	Dollars in Millions
– Fund DOE share of Ft. Lewis trust fund Phase II-cleanup of Western Superfund site. (FY 1989 - $0.0M)	$ 1.0
– Continue cleanup of the Rock Springs site including groundwater sampling and analyses, pumping and water treatment, well abandonment and reseeding using prior year funds. (FY 1989 - $0.0M)	0.0
Total, Environmental Restoration	**$ 1.0**

OPENING REMARKS

Mr. WAMPLER. Thank you, Mr. Chairman.

With your permission, I will briefly summarize some of the key points in our Clean Coal Technology Program and fossil energy programs, and let me begin with the Clean Coal Technology Program.

CLEAN COAL TECHNOLOGY PROGRAM

Our budget request, as you have stated, reflects President Bush's decision to reinstate the 5-year timetable for the Clean Coal Technology Program. Let me say right from the start, Mr. Chairman, that this program would not have been possible without your personal support and the support of this committee. There is probably little that I can tell you that you don't already know about the Clean Coal Technology Program, but let me give you a very brief status report.

Currently we have 29 clean coal projects either under way or in negotiations. Together they have a value approaching $2.3 billion, and they offer private cost-sharing amounting to $6 for every $4 of Federal funds.

We will begin round 3 of the program 2 weeks from today. Round three will offer approximately $545 million in project financing out of the total $575 million previously appropriated for fiscal year 1990.

While we have experienced some delays in some of the early projects, in general, we are quite pleased with the progress being made in the Clean Coal Program. Round one was a learning experience, both for us and our industrial partners.

As a result of the lessons learned, today we have a much stronger program. We have changed project financing criteria, we have redefined and simplified recoupment policies, we have been more definitive in specifying our information needs, and we are adopting lessons learned from round one in dealing with technical data rights.

These changes are resolving many of the problems experienced in round one, particularly concerning the pace of negotiations. In fact, in setting timetables for negotiating agreements in round two, we have accelerated milestone dates significantly compared to our previous round.

Even given this acceleration, of the 16 projects selected in the second round, only three are more than 6 weeks behind schedule, and we expect most, if not all, to complete negotiations by the fall of this year.

As you are aware, Mr. Chairman, the President's budget request not only asks that the fiscal year 1990 appropriation remain intact, but that Congress provide the remaining $1.2 billion for rounds four and five.

Advance appropriations will inject a greater measure of certainty into the program, and knowing these funds will be available will permit industry to devote a greater amount of their own resources to the concepts now in the R&D process.

FOSSIL ENERGY R&D

Let me quickly turn to the Fossil Energy R&D Program.

As you are aware, Mr. Chairman, our budget request is lower than the level appropriated by Congress last year, and a substantial portion of that reduction can be attributed to four factors:

First, the administration is proposing not to fund the MHD program. As in past years, the issue is affordability. We cannot allocate the large amount of funding required for this program without

seeing greater leveraging of our dollars through private or other types of cost-sharing.

Second, no funds are requested for phosphoric acid fuel cells. Some development will continue using prior-year funds, and the private sector should be willing to take the lead in the final commercialization stage of this technology.

Third, our work at the Wilsonville and LaPorte liquefaction facilities has reached very successful conclusions. When market conditions are right, industry will be well positioned to move the concepts tested at these units into commercial use.

And, fourth, we have completed our funding commitments for two construction projects at West Virginia University and the University of Oklahoma.

Within the $165 million R&D budget request, however, we retain several key elements.

We have a significant commitment to new technologies that can reduce acid rain-related pollutants. Roughly, 70 percent of our coal R&D program is oriented toward these types of projects.

Many of the projects that would be continued in fiscal year 1990, particularly in the area of improved efficiency, could ultimately offer options that reduce the release of CO_2 when compared to conventional coal technology.

We are cognizant of the liquids problem facing this country in the form of rising oil imports. So just over a third of our R&D budget applies to technologies that can provide alternative sources of liquid fuels. This is a greater percentage than last year.

We have proposed several new initiatives to broaden the spectrum of U.S. coals, particularly where they can be used as domestic feedstocks in nontraditional applications or as an export commodity.

Finally, we continue to place a great degree of emphasis on oil and gas research with a clear focus on technology transfer. Our geoscience program, in particular, has been strengthened.

Mr. Chairman, we believe we have presented a solid budget, and every program it contains offers the Nation potentially significant energy and environmental benefits.

That completes my opening statement, and we'll be pleased to answer any questions you may have.

CLEAN COAL TECHNOLOGY PROGRAM

Chairman BYRD. Thank you, Mr. Wampler. We share a mutual interest in the success of the Clean Coal Technology Program. This program offers a reasonable middle ground between our increasing need to depend on our large domestic coal reserves and our continuing desire for a cleaner and safer environment.

It also represents the fulfillment of a commitment to the Canadians, and I am pleased that President Bush has proposed to restore the original program schedule, in other words, solicitations 4 and 5 in fiscal years 1991 and 1992, respectively, rather than in fiscal years 1993 and 1995 as proposed in the Reagan budget.

America has some 3 centuries of domestic coal supplies. In contrast, we have only about 35 years of proven domestic supplies of natural gas, and our oil production levels are projected to decline

from the present rate of 8.2 million barrels per day to a rate of only 5.9 million barrels per day by the year 2000. Conversely, U.S. oil imports are projected to increase by 50 percent over this same period.

So the trends for oil, in particular, are in a negative direction. We must do what we can to back imported oil out of our economy, not just because of the economic hemorrhage it has caused this country and the recognized unstable sources that much of the new oil imports would come from, but because there is just no good reason for it.

We can use coal more cleanly and less expensively than we presently do. We can do so if we prove the technology needed by major fuel users through the Clean Coal Technology Program. With the improved coal utilization technologies, natural gas use can be shifted from the utility sector, for example, to displace imported oil in many other applications.

I am not suggesting that we should use less gas, but rather that we use our domestic energy resources in a more prudent fashion.

We have talked previously about many of the acid rain control bills that are pending before Congress and the incompatibility of their compliance deadlines with the anticipated commercial availability dates of many of the clean coal technologies which the Department of Energy is now trying to demonstrate.

ACID RAIN BILL

Will the administration's acid rain bill provide adequate time for the use of clean coal technologies?

Mr. WAMPLER. Mr. Chairman, Secretary Watkins has indicated several times that he is a part of the interagency process developing an acid rain bill. He has also indicated several times that clean coal technology is one of his major priorities and he is working very hard to make sure that adequate consideration is given to clean coal technologies in the administration's acid rain bill. So we are working very aggressively to that end.

Chairman BYRD. Do you think it will provide adequate time for the use of the clean coal technologies?

Mr. WAMPLER. I think it will. I think we are pretty sound on the dates that we have put forward as being the appropriate dates for the development of these technologies, and as long as those are factored in there, the timetables will be the most important thing in that bill insofar as allowance for clean coal technologies.

COMMERCIAL AVAILABILITY OF TECHNOLOGIES

Chairman BYRD. What is your present assessment of the commercial availability date for each clean coal technology you are now planning to demonstrate?

Mr. WAMPLER. For these technologies, the availability dates range from 1994 all the way up to 2003 and 2005. It's important to note that the ones that get you the most in increased efficiency and the most in emissions reductions tend to be in the out-years of 2003 to 2005. I'm speaking specifically of the integrated gasification combined cycle technology and the pressurized fluidized bed, which in the case of IGCC can get you as much as 99-percent reduction in

SO_2 emissions while increasing the power output of an existing utility by twice in some cases. So the further you go out, the better the technologies are in terms of emissions reduction and operational efficiency.

We can provide you for each specific technology, if you like, for the record a date that we project with a chart that shows those.

Chairman BYRD. What lag time do you project between commercial orders and actual deliveries for each of these technologies, and again, if you would, please, list those for the record with each project individually, but can you give us kind of a general idea now?

Mr. WAMPLER. Generally the lag time would be 3 to 5 years. It depends in some cases on how many of the technologies have been demonstrated and how fast they tend to penetrate the market, but generally 3 to 5 years, but we will give you a more complete list, including the answer to your previous question.

[The information follows:]

CCT-I and CCT-II PROJECTS

The following list provides the type of technology, the date it will be demonstrated, and the lag time between demonstration and commercial deployment/orders for each CCT-I and CCT-II project awarded or under negotiation. The commercial date as presented below means the date by which large scale commercial deployment can be negotiated.

CCT-I

Project Sponsor	Technology Type	Demo Date (Completion)	Commercial Date
NEGOTIATED			
American Electric Power Service Corp.	Pressurized Fluidized Bed Combustion Combined Cycle (80 MW) -- Tidd	1993	2002-2005
Colorado-Ute Electric Assoc.	Circulating Fluidized Bed Combustion (Atmos.) (110 MW)	1990	1996-2000
M.W. Kellogg Company	Integrated Gasification Combined Cycle	1995	2003-2005
Foster Wheeler Cogeneration	Integrated Gasification Combined Cycle	1995	2003-2005
Coal Tech Corp.	Advanced Slagging Combustor (Industrial)	1989	1995-1998
TRW, Inc.	Advanced Slagging Combustor (Utility)	1992	1996-1998
Ohio Ontario Clean Fuels, Inc.	Coal/Oil Coprocessing	1997	2003-2005
The Babcock & Wilcox Company	Limestone Injection Multiple Burner (LIMB) & "Coolside" Duct Injection	1991	1995-1997
Energy & Environmental Research Corp.	Gas Reburn/Sorbent Injection	1991	1994-1996
Energy International, Inc.	Underground Coal Gasification	1992	1998-2000
UNDER NEGOTIATION			
Combustion Engineering, Inc.	Advanced Coal Cleaning	1992	1996-1998
Western Energy Co.	Advanced Coal Cleaning	1993	1996-1998
United Coal Company	Coal Waste Upgrading	TBD	TBD

CCT-II

American Electric Power Service Corp.	Pressurized Fluidized Bed Combustion Combined Cycle (330 MW) -- Sporn	1997	2002-2005

Project Sponsor	Technology Type	Demo Date (Completion)	Commercial Date
Southwestern Public Service Co.	Circulating Fluidized Bed (Atmos.) 250 MW	1996	1996-2000
Combustion Engineering, Inc.	Integrated Gasification Combined Cycle	1998	2003-2005
Trans Alta Resources Investment Corp.	Advanced Slagging Combustor	1991	1995-1997
Southern Company Services, Inc.	Advanced Wet Limestone Flue Gas Desulfurization	1996	1998-2000
Pure Air	Advanced Wet Limestone Flue Gas Desulfurization	1995	1999-2002
The Babcock & Wilcox Company	Advanced Flue Gas Cleanup-Combined SO_2 and NO_x Reduction	1992	1997-2000
Combustion Engineering, Inc.	Advanced Flue Gas Cleanup-Combined SO_2 and NO_x Reduction	1993	1997-2000
Southern Company Services, Inc.	Flue Gas Cleanup--Selective Catalytic Reduction for NO_x Control	1994	1998-2000
Southern Company Services, Inc.	Advanced Wall-Fired Combustion Technologies for Reduction of NO_x	1991	1994-1996
Southern Company Services, Inc.	Advanced Tangentially-Fired Combustion Technologies for Reduction of NO_x	1992	1995-1997
The Babcock & Wilcox Company	Coal Reburning for Cyclone Boiler NO_x Control	1992	1996-1998
Combustion Engineering, Inc.	Post Combustion Dry Sorbent Injection for SO_2 Control	1994	1997-2000
Otisca Industries, Ltd.	Coal Preparation -- Coal Water Slurry	1992	1996-2000
Bethlehem Steel Corporation	Coke Oven Gas Cleaning	1993	1996-1998
Passamaquaddy Tribe	Recovery Scrubber for Cement Kiln Gas	1992	1995-1997

CLEAN AIR BILL COMPLIANCE DEADLINES

Chairman BYRD. Have these lag times been figured into the compliance deadlines in the bill which is now being prepared by the administration?

Mr. WAMPLER. We have furnished that information with the lag times built in so that the people that are working on the bill are very much aware of that, Mr. Chairman.

Chairman BYRD. This is important because even if the technologies are available, if utilities are unable to have a plant in commercial operation by the bill's compliance deadline, then clean coal technologies will not be a viable option and the $2.5 billion Federal investment and the approximate $5 billion private investment in clean coal development will be largely wasted. At least it won't bear the fruits that we hope for.

I understand that you recently testified on the House side in front of Mr. Sharp's Subcommittee on Energy and Power. I would like to follow up with you this morning on some of the concerns that were raised during that hearing.

It is my understanding that some projects selected by the Department under clean coal are not proceeding smoothly toward construction and demonstration.

CLEAN COAL I PROJECTS

How many clean coal I projects have completed negotiations and are now under construction or are in operation?

Mr. WAMPLER. We have had, Mr. Chairman, nine of the projects under clean coal I that have actually completed negotiations for cooperative agreements. There are four remaining that are in various stages of negotiation. We expect those four projects to be finished with negotiations certainly no later than June 30 of this year, and I think it possibly could be earlier than that, at which time we will be ready to make decisions on these projects.

Four at this point in time are under construction. The remaining projects are in various phases of engineering studies up to construction, but four are under construction or in operation out of the nine.

Chairman BYRD. Are all nine, then, in the process of going forward?

Mr. WAMPLER. All nine are in the process of going forward. There are some projects that we obviously have some problems with and we are in the process of trying to clear those problems up to see if they can go forward. For example, in the area of integrated gasification combined cycle, we have two projects, one we feel pretty good about and the other project we think has some major problems. So we have had a task force in place in the Department looking at these projects specifically to see what we can do to either make the decision to go forward and modify the project somewhat or terminate it by a reasonable date.

CLEAN COAL II

Chairman BYRD. Is the experience under clean coal II more encouraging and, if so, why?

Mr. WAMPLER. Yes; the experience is more encouraging on clean coal II. If you look at clean coal I, it was a program that while you steadfastly supported it at the time, the administration did not support it. It caused a great deal of concern in the private sector and they were not convinced, with the administration not being in favor of the program that the money would be there, and we turned those projects around in a very rapid time frame.

In clean coal II, we have some good experience in the program at this time, both from the private sector standpoint of putting together proposals, they have had more time to think about them, and from the Government's standpoint we have learned a lot of lessons from round 1.

So, I think the round 2 projects are generally, if you look at them as a group, more sound; the negotiations are on schedule, and we have a very accelerated negotiation plan when you look at our completion date being in the fall of this year. Certainly to get those 16 projects finished is a very aggressive schedule and we are, for the most part, on time with them. So we have learned a great deal.

CLEAN COAL III

Chairman BYRD. You have not issued the third clean coal technology solicitation. I understand that that will be done shortly.

Mr. WAMPLER. Yes, sir; in the next 2 weeks that will be issued.

Chairman BYRD. Is there any reason to be more optimistic about the chances for a success of the projects which will be selected under this solicitation?

Mr. WAMPLER. I think so. The clean coal III has continued to be built on lessons learned in clean coal I and II. We have developed a system in clean coal III that the project proposal should cost less and we should be able to expedite negotiations. I have made some changes in our recoupment plan that should be even more attractive to the private sector. So we feel that this is a continuing growing and learning process and round 3 we expect to be very good.

I think an important point is that when we looked at round 2 projects and we made those selections, we could have expended the whole $2.5 billion probably because there were simply more good projects than we had money to fund. So using that as a base and new projects in addition to that are coming in, I have great expectations for round 3.

IMPACTS OF DELAYS IN CLEAN COAL I

Chairman BYRD. Will the delay in certain of these clean coal I projects translate into later commercialization dates for these technologies and, if so, what impact would these delays have on our ability to deal with acid rain in a constructive manner and at a reasonable cost?

Mr. WAMPLER. If we get into any additional substantial delays they certainly would have almost a year-for-year impact on commercialization, in my opinion, and it might be a little less than that. I think the one technology class that we're very concerned about is the integrated gasification combined cycle. At least one of the two projects in clean coal I we feel pretty good about, and we

have another project proposed in round 2, and that one seems to be progressing well in the negotiations schedule.

So we think if we can get the projects negotiated by the fall, the dates that we have indicated for commercialization are good dates, but anything that slips beyond that, I think we would get into certainly a year-for-year delay, but I think we have a period of grace here of several months to get the technologies going.

Chairman BYRD. What are you doing specifically to facilitate the successful completion of the clean coal projects that are in trouble?

Mr. WAMPLER. We have, as I mentioned before, put a dedicated team together to look at each of these projects. On that team are people from fossil energy, people from general counsel, and people from procurement, all the entities within the Department that make up a procurement process. We are looking at in some cases just what are the possibilities we have with some of the projects, can we do some changing in cooperative agreements, can we do some rescheduling and that sort of thing. So I think we are going to come to a very logical conclusion on these projects certainly by mid-summer.

SPECIFIC CLEAN COAL I AND II PROJECTS

Chairman BYRD. I would like now to review each of the specific projects that have been selected under your first two clean coal technology solicitations.

Mr. WAMPLER. Let me, Mr. Chairman, with your permission, ask the source of all knowledge, Mr. Siegel, who is Deputy for coal technology, to just very briefly explain these projects. We will give you additional information, if you wish, for the record, but he will explain them.

Chairman BYRD. If you could supply for the record the information with respect to each of the technologies.

Mr. WAMPLER. Very well.

Chairman BYRD. How it works, what it is expected to accomplish, and so on.

Mr. WAMPLER. Certainly, we'll do that. I think just for the purpose of discussion, with your permission, we can talk about classes of technology right now, the retrofit and the repowering, and then go from there with more complete information.

Jack.

Mr. SIEGEL. In the clean coal I program we have 13 projects, as Mr. Wampler said, that we selected and nine have awards. There are two classes of technologies, also as was said, retrofit and repowering.

RETROFIT TECHNOLOGIES

The retrofit technologies are primarily those that are geared toward the control of pollutants from existing facilities. Within the retrofit category we have in our clean coal I program several technologies. The Western Energy Company has a coal drying process in Montana. Energy International, Inc. has an underground coal gasification facility in Rawlins, WY, that will allow coal to be extracted in a gaseous form from the ground. We have some pollution control technologies. Babcock and Wilcox is looking at both the

control of nitrogen oxides and sulfur dioxide using a process called limestone injection multistage burner as well as sorbent injection work, and there are a variety of other retrofit technologies.

REPOWERING TECHNOLOGIES

In round 1 we also have three repowering technologies. Repowering technologies are those which not only reduce emissions from existing plants, but they also increase the power output of the plant, increase the plant efficiency, and extend the life of the plant all in one process.

American Electric Power Corp. is demonstrating a pressurized fluidized bed combustion repowering project at about a 70-megawatt scale in Ohio. Colorado Ute is looking at atmospheric fluidized combustion and demonstrating that technology in Colorado, and then we have two combined cycle gasification projects that, as Mr. Wampler said, can get up to 99-plus percent sulfur dioxide control as well as producing a sulfur byproduct rather than the large wastes that are produced.

In clean coal II, we have 16 projects that were selected. Three of those are repowering projects, another combined cycle gasification technology, another pressurized fluidized bed combustion technology, and another atmospheric fluidized bed combustion technology; and then a wide variety of retrofit technologies, very innovative technologies that have the opportunity to reduce both sulfur dioxide and nitrogen oxides emissions at much lower cost than today's technology.

WISCONSIN ELECTRIC POWER CO. DECISION

Chairman BYRD. In addition to complying with the Federal environmental laws, such as the Clean Air Act, the clean coal projects must also comply with an array of differing State environmental laws which may be more stringent than even the Federal standards.

Would you elaborate on the EPA's requirements and its rationale in the Wisconsin Electric Power Co. situation?

Mr. WAMPLER. Well, basically Wisconsin Electric Power wanted to extend the life of an older five-unit plant by making some replacements and some repairs on steam drums, air heaters, and other components. EPA ruled in this case that fixing the steam drums and air heaters was a nonroutine change and, under the prevention of significant deterioration rules, nonroutine changes, other than routine maintenance and operation repairs, require an applicability review. If emissions increase under this test, then the plant is forced to meet new source performance standards or better than new source performance standards. Which repairs are routine and which repairs are not is determined by EPA on a case-by-case basis.

This in essence would cause the utility to face some fairly large expenditures. EPA also made some separate NSPS determinations, and if the repair increases the capacity of the plant, then the unit in question would also become subject to NSPS.

Even though WEPCO was not attempting to install a clean coal technology, this kind of decision has really had a major ripple

effect on the Clean Coal Technology Program. People that have either proposed projects or are thinking about proposing are very worried that, even if they demonstrate a technology and then do not operate with that technology, they would be forced to meet more stringent standards after the demonstration program is completed, and in many cases the demonstration program ends the technology's purpose at that particular plant.

So it appears that we have a large potential problem. We have had several of the companies that have bid on projects or are going to bid on projects contact us. In fact, one company, one State utility has indicated that that's a major reason they withdrew as a host site for a clean coal technology project, and I think this is a problem that we must get fixed.

Chairman BYRD. It could stop repowering and have a major impact on the Clean Coal Program.

Mr. WAMPLER. It could certainly have a major impact on it.

Chairman BYRD. What is the DOE doing with other Federal agencies, including EPA, to avoid or mitigate this problem?

Mr. WAMPLER. Well, we have had several meetings with several agencies, including EPA, to make sure that they are totally up to date on the purpose of the Clean Coal Program. They also sit with us on the source evaluation board for these projects. We have expressed concern on the specific issue to EPA at the assistant administrator level, and we have also talked to the Office of Management and Budget about this problem and they are very concerned about it. So we expect to be talking at the Secretary/Administrator level very soon on this issue.

EMISSION POLICY FOR EXISTING FACILITIES

Chairman BYRD. Would it be desirable to have a blanket policy that permits an existing facility to host a clean coal project and then to return to its previous emission levels once the demonstration project is completed?

Mr. WAMPLER. I think it would be very helpful to have that, Mr. Chairman. I think if we let some of the regulations that we have impede technology that are clearly not intended to impede technology, then we have a serious problem. So I think any method that we use to get blanket approval would be most helpful.

Chairman BYRD. What are you doing at the Federal level to establish such policies?

Mr. WAMPLER. We are currently talking to EPA about this issue and currently talking to OMB about the issue and hope that we can resolve it administratively.

Chairman BYRD. Would such a policy constitute a preemption of State regulatory authority?

Mr. WAMPLER. I don't think it would cause a preemption. There are various State type possible impediments, but most of those deal with permitting siting, and that sort of thing. It's hard to generalize those because they are different for very specific sites.

I think the important thing is that, if we grandfather demonstrations under State laws and regulations, we possibly might want to lengthen the time of environmental permits with the States. I

think just making the States aware of this problem can get us the result that we want, but, yes, we do have a separate State problem.

Chairman BYRD. All right. If you would place in the record some examples of the different State laws and how they impact on this Clean Coal Program.

Mr. WAMPLER. Certainly.

[The information follows:]

STATE LAWS THAT COULD IMPACT CCT PROGRAM

The Innovative Control Technology Advisory Panel Report to the Secretary of Energy Concerning Commercialization Incentive (ICTAP report), attached for the record, does examine State laws which could impact on the CCT Program. Appendix A of the ICTAP report contains several tables listing, State-by-State, the particular rate regulation incentives, for example, the extent to which tax and construction work in progress [CWIP] is allowed in the rate base (table A-10, pages 31-33). As to siting laws and regulations, the ICTAP report finds the "one-step" process used in Florida operates very well (see memorandums 2 and 3 in appendix C).

No specific State laws were identified that serve as disincentives, however, the ICTAP report, on pages 4-15 through 4-19, lists a number of areas where States could take steps to reduce environmental disincentives on their own.

Finally, some States have laws which give strong incentives to CCT's. A list of these laws is found in appendix A, section 1. Ohio and Illinois are thought to have particularly effective CCT incentive programs.

INCENTIVES FOR DEPLOYMENT

Chairman BYRD. Senator Burdick.

Senator BURDICK. Thank you, Mr. Chairman.

Mr. Secretary, what are adequate incentives for actually getting a clean coal technology demonstration commercially in a timely fashion?

Mr. WAMPLER. Senator, generally what you're raising is a very important issue, and that is the issue of deployment. As we have looked at this issue over the past 2 years, we have come up with several methods that we feel can assist in the commercialization of these plants. One is a whole set of incentives that FERC could give these clean coal technology demonstration units or deployment units, that being a fair rate of return, an incentive rate of return, full allowance for construction work in progress, and perhaps some accelerated amortization, are those kinds of things that we can do administratively without any change in law to make sure these technologies are deployed.

The second thing I think is to very aggressively work with State regulatory commissions on the issue of prudency. Without interfering with State rights, I think it's our job to do a job of education, if you will, with the Public Utility Commissions, pointing out how these technologies can get them to a level of pollution control that existing technologies simply can't, and at ultimately lower cost.

So, I think we have to concentrate in all those areas. We have had two groups looking at this problem very specifically. One has been the National Coal Council that produced a very good report, and the Secretary's Advisory Committee, the Innovative Control Technology Advisory Panel, has also produced a report with some excellent ideas in it. We are in the process of going through all those ideas and expect to be determining which ones we can implement very shortly.

Senator BURDICK. Do we have a road map or do we have a plan?

Mr. WAMPLER. We have a road map and it's generally outlined. I think the first step would be to get the FERC incentives implemented, and the second step would be to take a look at some of the other items that have been suggested in those two reports and decide which ones we feel, beyond the FERC incentives, would be necessary, if any. The FERC incentives might get us there.

We are also talking to several groups about a program to educate the Public Utility Commissions, and we have done some of that. We have spoken at several of their conferences, but we are talking about a more intensive effort. So I think we have a road map in place that we are pretty comfortable with right at the moment, not to say that it's perfect. I think during this next year as we discuss the acid rain issue, some more of those discussions are certainly going to evolve and we would be happy to have those discussions with Congress.

Senator BURDICK. Well is the technology far enough advanced so that power plant "A" could be built and would building in the requirements of clean coal do the job?

Mr. WAMPLER. I think any scenario that gets us reduced emissions at a reasonable cost is going to have to build in a proper timeframe for the deployment of clean coal technologies. I think we have a very sound handle on what years these technologies are going to be available in a commercial form. We know these technologies work for the most part because they have worked.

So in any kind of discussion of acid rain legislation the most important ingredients as far as clean coal is concerned, are those timeframes, and we feel pretty comfortable with the timeframes that we have and we testified to. We furnished them to the interagency group looking at the administration's acid rain proposal.

DATE FOR DEPLOYMENT OF TECHNOLOGY

Senator BURDICK. What I'm getting at is can you give a date when we can move from demonstration into applying these things to an actual plant?

Mr. WAMPLER. We can, and the dates are different for different technologies. They range from 1994 to about 2005, and by going out to the 2005 date there should be a tremendously impressive suite of technologies. No one single technology is going to solve this problem, but there should be a suite of technologies available in the 2003 to 2005 timeframe that can help us totally solve the problem and not just patch it up with scrubbers.

Chairman BYRD. If the Senator will yield, will you include that information in the listing of technologies?

Mr. WAMPLER. Yes, Mr. Chairman; we will include that very specific listing for each.

Senator BURDICK. As you know, North Dakota installed scrubbers, which was the best known technology at the time, because we didn't want any more mistakes, and what I want to know is if you've got an iron-clad recommendation to make for the future?

Mr. WAMPLER. We think we have a good set of recommendations to make if we are allowed the time that it takes to get these things ready for commercial form. We think that we have some very exciting possibilities.

Senator BURDICK. Well, do you have possibilities only at this time?

Mr. WAMPLER. No; they're not. That probably was a misstatement. They are not possibilities. If you look at all the technologies in the demonstration project, they have all been proven at the proof-of-concept stage. We know they work, but we don't know which ones will penetrate the market with which frequency, and we are not going to prejudge that, but we do know they work.

DIVERSITY OF U.S. COALS

Senator BURDICK. How can the Clean Coal Program be operated to move equitably recognizing the diversity in U.S. coal? For example, the differences among lignite, subbituminous Western coal and bituminous Western and Eastern coals, and not just the differences between the low and high rank coal. Have you taken into your calculations and opinions different kinds of coal?

Mr. WAMPLER. Well, almost all of the projects are capable of testing, and many are testing, a wide variety of coals. We think that's important because this whole problem is a national problem. It's not just a local problem.

I think that if you look at round 1 and round 3, the way it's coming out, there is more flexibility for different fuel forms in those two rounds than there was in round 2.

I think it's important that we continue to look at not a tilted playing field to any location, but at least a level playing field so that we let all of these technologies and all of these concepts play.

Senator BURDICK. In case you didn't know, and I'm sure you do, putting these technologies in practice costs bucks, costs money. I know North Dakota will be very careful next time because they spent a lot of money on scrubbers already, and we hope that we have a technology that will work and stay in being for some years. That's why I'm anxious to know if you've got that blueprint now.

Mr. WAMPLER. Well, I think we do have the technologies. One interesting thing to note if you look at scrubbers, if you installed scrubbers in all the plants to fix your problem, you would get out to about the year 2010 and emissions, because of increased power demand, would start going back up again. With the technologies that we have, we've looked out to 2030 and they will continue to go down. So that's very important.

UNIVERSITY OF NORTH DAKOTA ENERGY AND MINERAL RESEARCH CENTER

Senator BURDICK. I also have a question regarding the Energy and Mineral Research Center at the University of North Dakota, which I will submit for the record. You have been a strong supporter in the past, and I hope your commitment will continue. So we will submit that to you in writing.

Thank you.

Chairman BYRD. Senator Domenici.

DOE COOPERATION

Senator DOMENICI. Thank you very much, Mr. Chairman.

I first wanted to say to Assistant Secretary Wampler in your presence, Mr. Chairman, that I have had occasion within the last couple of years to work with him regarding a better utilization of our scientific and technological resources to improve our understanding of coal as a resource and the mining of coal.

Before I call a few specifics to the Assistant Secretary's attention for some brief comments, let me just suggest that in this rather remote hearing room, in my humble opinion, some very major decisions are being made with reference to the future of this country.

DEPENDENCE ON FOREIGN OIL

When you look at what we worry about in this land, and we tend to put things that aren't immediate on the back burner, but there is no question that along with a growing American economy as the No. 1 issue is America's growing dependence on foreign oil. We have to do something about it.

I need not tell you, Mr. Chairman, or the Assistant Secretary that we are now back on that dependence chart where the dollars are going up every year, and we could exceed $45 billion, I'm sure, if not $48 billion in trade deficit from oil importation and related products. That's rather startling. That means if we were to get our mercantile trade deficit under control, which everybody wants, we would still have about a $50 billion trade deficit from just oil imports.

COAL ASSOCIATION

With domestic reserves of coal in abundance, I want to make a couple of observations. I have noted a very significant attitude change, which I think is very positive for this country, regarding the Coal Association and their new Executive Director, General Lawson. He has been to a number of meetings that I have attended, and I believe that he and the coal producing companies and States, if his voice is being heard, will move in the right direction.

Chairman BYRD. I told them to get their act together and unite rather than fight among themselves. [Laughter.]

Senator DOMENICI. You're right, and that is exactly the attitude that I'm talking about. We must unite on the coal side, but also unite on the proposition that we've got to use all our energy resources.

Chairman BYRD. And he is providing good leadership.

Senator DOMENICI. You've got that right. He is talking about the fact that we can't afford to leave one major source of American energy on the sidelines simply because we are fighting among ourselves. I'm very pleased to say that I've heard him say that we've got to use nuclear, we've got to use coal, and we've got to use natural gas. Even at that, we may have an impediment to the American economy by the turn of the century because we won't have enough energy. We certainly don't want to foul the environment in the process as the citizens around the country are right in telling us.

DOE SEMINARS

Having said that, I want to suggest that the use of our scientific and technological resources to help the mining industry, and in particular the coal mining industry, become more productive and more competitive has been the subject matter, Mr. Chairman, of at least three seminars. The Assistant Secretary has sponsored these seminars to bring together the talent in our national laboratories, energy technology centers, and the Bureau of Mines.

I want to thank him for one major meeting that was held at Los Alamos with the mining industry. We were very surprised to find that most of the mining companies came and were very interested in finding out how the scientific and engineering prowess of the national labs could help them.

That meeting precipitated a second meeting which was held in Pittsburgh, Mr. Chairman, and brought together the experts of the energy technology centers, the Bureau of Mines, and the national laboratories. I was unable to attend, but I got a report that there was genuine enthusiasm to work together to bring their science, technology, and engineering to enhance and modernize where possible the coal mining industry. I want to say that I think that's absolutely imperative and a good use of our resources.

I might just ask, Assistant Secretary Wampler, if you would for the record just briefly report on these activities. It's my understanding that the laboratories are not trying to take anything away from anyone, but rather to work with the centers and the Bureau of Mines to use the broad expertise available.

[The information follows:]

SEMINARS CONDUCTED BY THE ASSISTANT SECRETARY FOR FOSSIL ENERGY

OIL AND GAS MEETING AT SANDIA NATIONAL LABORATORY JULY 18, 1988

In January 1988, Assistant Secretary J. Allen Wampler announced "the core of a new initiative" in enhanced oil recovery at an address to the American Society of Mechanical Engineers. This new initiative was announced after a nationwide survey of the private and state sectors conducted by the DOE revealed a consensus for an expanded federal role in oil recovery R&D "as long as it is done in partnership, not in competition, with the oil industry." The initiative is to address reservoir characterization, drilling technology, well completion, work over and equipment retrofit, environmental aspects, and novel concepts for enhanced recovery.

At the request of Senator Pete Domenici, and with the strong support of Assistant Secretary Wampler, a meeting was held on July 18, 1988 in Albuquerque to evaluate technology exchange between the DOE laboratories and the oil and gas industry. Technical exhibits were prepared for this meeting by Los Alamos, Sandia, and Lawrence Livermore. They illustrated some of the emerging technologies that could contribute to enhanced domestic production of oil and gas. Attendees at the meeting were principally senior representatives from the major oil companies and independent producers from the region. In addition to technical presentations by the laboratories, panel sessions covered potential cooperative R&D efforts between industry and the laboratories.

COAL CONFERENCE AT LOS ALAMOS NATIONAL LABORATORY SEPTEMBER 1, 1988

On September 1, 1988, the Department of Energy (DOE), supported by Los Alamos National Laboratory, hosted a conference entitled "Support for the U.S. Coal Industry by the National Laboratories." The meeting was held at the request of Senator Pete V. Domenici, who attended the conference and lead the discussions. Assistant Secretary J. Allen Wampler and his staff represented the Department. The conference was held at Los Alamos, New Mexico and had 75 participants. Its purpose was to identify technologies that have been developed at the national laboratories that

may have application in the coal extraction, preparation, transportation and utilization industries. Gen. Richard Lawson, President of the National Coal Association (NCA) assisted in organizing the meeting and gave a keynote address. Seven national laboratories participated: Sandia National Laboratory, Lawrence Livermore National Laboratory, Lawrence Berkeley National Laboratory, Idaho National Engineering Laboratory, Argonne National Laboratory, Oak Ridge National Laboratory, and Los Alamos National Laboratory. In addition, representatives of the Morgantown and Pittsburgh Energy Technology Centers attended.

The first part of the meeting concentrated on presentations by the laboratories on research areas including instrumentation, modeling, drilling, environmental control and mitigation, coal chemistry, and material. A panel representing a cross section of coal industry and state representatives presented their perspectives on research needs of the coal industry and experiences with technology transfer. For the second half of the conference, Senator Domenici and Assistant Secretary Wampler lead a round table discussion of all participants to focus on the most important areas where research in the laboratories could contribute. Several promising research areas were identified. These included the chemistry of coal, environmental restoration and mitigation, materials, in-situ leaching of residual methane, combustion modeling, acid rain, coal preparation, sensing and geodiagnostics.

As a result of the conference, informal collaborations between industry and the laboratories have developed. These involve one-on-one interactions between individual researchers. In addition, the Department of Energy has considered the results of the meeting in its coal research planning.

MINING CONFERENCE AT THE PITTSBURGH BUREAU OF MINES MARCH 20, 1989

The success of the coal technology transfer conference at Los Alamos National Laboratory led several industrial representatives to encourage Senator Domenici to develop a similar meeting that would concentrate on mining. Senator Domenici asked the Department of Energy (DOE) and the U.S. Bureau of Mines (USBM) in the Department of Interior to cosponsor a meeting on technology transfer from the national laboratories to the mining industry. The "U.S. Mining Technology Transfer Conference" was cohosted by the Pittsburgh Energy Technology Center and the USBM Bruceton Research Center in Bruceton, PA, with the support of the Los Alamos National Laboratory. The Department of Energy was represented by Assistant Secretary J. Allen Wampler and other DOE staff and Dr. Sun Chun, Director of the Pittsburgh Energy Technology Center. All nine DOE multiprogram national laboratories were represented as were the two DOE energy technology centers. The Department of Interior was represented by Dr. Harlan Watson, Deputy Assistant Secretary for Water and Science, T S Ary, Director of the Bureau of Mines, and John Murphy, Director of the USBM Bruceton Research Center.

The meeting was structured similar to the coal conference with laboratory and USBM panels followed by industry panels. A round table discussion was held in the afternoon. The industry representatives noted a need for additional research in mine dust prevention, environmental reclamation and restoration, technologies to "look ahead" of longwall mining equipment, cognitive feedback, robotic roof bolting, chemical extraction, and real-time characterization of feedstocks.

As a result of the conference, contacts have been made between industrial and laboratory staff. For example, Los Alamos National Laboratory has been approached by a company for advanced technologies to assist in mineral exploration.

UNDERGROUND MONITORING

Senator DOMENICI. Mr. Chairman, it's rather interesting that in the nuclear defense field we have developed techniques that deal with underground activity. We have developed science, engineering, and monitoring capabilities because we are conducting underground testing on the nuclear side for defense purposes.

One of the biggest shortcomings is that the nondefense side does not understand the utility of that technology and science for their fields, and this is part of the exchange that is going on. I think just the monitoring capability is a tremendous positive aspect for the mining industry, including coal mining.

Enough from me. Would you just comment for the record briefly, and I thank the Chairman for permitting me to discuss this issue.

Mr. WAMPLER. I would just reinforce your comments and echo those comments. We had two coal meetings and one meeting with oil producers, and all three were very revealing meetings. I think that the private sector was very surprised at the level of expertise they found in those labs and, second, they were surprised at the fact that technologies developed for defense indeed had some applicability to what they were doing.

We are in the process, as a product of that with the oil and gas industry, of moving ahead pretty aggressively with a program that is private sector, national lab, Department of Energy to use some technologies in oil and gas exploration that look very, very promising.

We also found, as a real collateral benefit of those meetings, that in the private sector, individual companies have started going back to the national labs and trying to establish arrangements to get some assistance with specific problems. I think that's a very healthy thing and I think that will continue.

Senator DOMENICI. Thank you, Mr. Chairman.

Thank you, Mr. Secretary.

Chairman BYRD. Senator Stevens.

Senator STEVENS. I'm sorry to have been a little late, Mr. Chairman. We're still deep in a problem that won't affect you gentlemen. You won't spill that much coal. [Laughter.]

ALASKAN COAL

We have half the coal of the United States and we're quite interested in the whole concept of research. I tried to get a team to go up and talk to some people who had a new pelletized process recently. Did any of you follow up on that suggestion, the group that wanted some assistance in just reviewing the process in Alaska?

Mr. WAMPLER. Senator Stevens, it's being reviewed, or maybe our team that we have in place, as you are aware, to take a look at that resource in Alaska and some R&D that we can do, may be taking a look at it. I will check into that. I'm not familiar with that at all.

Senator STEVENS. I was looking through your statement here to try to identify whether you have any funding for that team. Is there any funding for this team in this budget?

Mr. WAMPLER. No; the funding for the team, the personnel costs naturally would be absorbed by existing personnel dollars. Once we define what projects we are going to do, we have a memorandum of understanding in place with Alaska and we could fund through that mechanism, but we are a little bit premature on putting any dollars into a budget right now until we make this determination of what we need to do. I think we will have a plan in place by midsummer certainly or perhaps a little earlier than that that will allow us to take a look at definitive costs, and we may or may not need additional funds. Perhaps the existing funds that we have in the line items will address it. I don't want to prejudge that because we haven't finished our study yet.

Senator STEVENS. I went to Alaska recently, and I think I've told the chairman this before, because of my then knowledge of the coal industry and working as a young lawyer in Fairbanks. At that time we had a massive coal industry south of the range in the Evans area and we had two major mines north of the range, that's the Alaska Range, and a whole series of minor operations. Today there is only one that survives, and the reason they don't survive is Federal law.

I tried to tell the Congress at the time we passed it, the Surface Mining Act, that we are not going to be able to survive and we haven't, just the one that's grandfathered, excepted from the process of that.

What are you doing to try and build up a body of knowledge that will be able to convince future Congresses to understand the area and try to deal with it better? We can improve the contour, but we can't restore the original contour when we put steam points into the ground and melt the ice lenses. The ice lenses melt and run out and there is no possibility of ever restoring the original contour.

Are you doing anything in the way of research to show what could be done to restore a better contour like they did in Germany, for instance?

Mr. WAMPLER. The Department of Energy is not. I'm not sure what the Department of Interior or the Office of Surface Mining might or might not be doing in that area. Our area of concentration in Alaska has been and will be ways to use the fuel form.

Senator STEVENS. I understand that's not your act, but it's going to have to be energy minded people that come in with the information as to how mining could be done safely and soundly in some of those sensitive areas. The people who are managing the surface are never going to come in with that suggestion. They don't want you there ever.

Mr. WAMPLER. Well, there are some possibilities that we are certainly going to take a look at. I think, for example, Alaska has a tremendous potential for export to the Pacific rim, a huge coal resource, and it's certainly not competing with another resource in the United States, but the location makes it perfect for export to the Pacific rim.

I think there are things we need to do. We need to look at some drying projects. We also need to look at mild gasification. As a matter of information, there were some folks from that one company the office last week to talk about a potential clean coal project, and we would hope that they would submit that clean coal project for this next round.

COAL/OIL MIXTURE CONCEPT

Senator STEVENS. Whatever happened to the coal/oil mixture concept?

Mr. WAMPLER. The coal/oil mixture concept is still alive and well. I think there are several technologies that are still under development, coal water slurries, coal/oil mixtures, transportation by methanol media, all those things are currently still being researched and looked at, and we continue to see some techniques that have a great deal of potential to lower the costs on these,

which is always the problem. So we are continuing with looking at those things.

For example, in Alaska one thing that needs to be looked at is containerized shipment of coal which can get around some of the problems of reabsorption of moisture and that sort of thing, and we are trying to take a general look at all these. We have this task force in place.

As I mentioned to you earlier, we will be visiting there and expect to come out with some pretty precise recommendations on things that should be done. We have not addressed the problem of extraction to this point, but we would be glad to discuss with the proper agency maybe a joint effort in that area or at least point out to them that we think it's something that needs to be done.

Senator STEVENS. Well, I've been thinking about asking the Office of Technology Assessment to go back in there and look at the technology if your people aren't going to do it because I think the technology is developing now and that we could safely mine coal provided Congress understood that original contour concept, but that's maybe a few years off.

Thank you, Mr. Chairman, I appreciate your courtesy.

Chairman BYRD. Thank you, Senator Stevens.

REGULATORY DISINCENTIVES

We were talking about regulatory disincentives, and we talked about the State regulatory authority in the Wisconsin Electric Power case.

What other regulatory disincentives do clean coal demonstration projects face, for example, waivers or delays in certain environmental compliance requirements?

Mr. WAMPLER. Well, there are several regulatory disincentives, Mr. Chairman, and these have all been looked at by the ICTAP Advisory Committee and the National Coal Council, and we for the record, with your permission, will submit those. They are very, very good reports.

[The information follows:]

REGULATORY DISINCENTIVES TO IMPLEMENTATION OF CLEAN COAL TECHNOLOGY

The ICTAP Report examined potential disincentives to rapid demonstration of economic Clean Coal Technologies (CCT). The types of laws and regulations that could act as disincentives could generally be classified in the following categories: rate regulation; siting of plants; and environmental.

RATE REGULATION

Regarding rate regulation, rather than finding that certain States have specific laws that inhibit utility investment and others don't, the report finds that in most States, generally, the risks of significant new investment outweigh the rewards under traditional utility rate regulation. The ICTAP Report found that "despite the best efforts of regulators to properly balance the interests of electric rate payers and shareholders, institutional problems inherent in rate regulation today"—e.g., within the present legal and regulatory framework across the nation—"cause utilities to be reluctant to spend large amounts of money for new generating projects of any kind, including CCT's." The report goes on to recommend several steps that any State could take to reduce the reluctance of utilities under their jurisdiction to build CCT's or other new plants. These steps include: modifying "used and useful" criteria for CCT demonstration plants; "rolling prudency reviews" by which regulators would make a finding before construction of a CCT begins that expenditures up to a pre-approved cost cap would be considered prudently spent; providing incentive

rates of return; allowing Construction Work in Progress (CWIP) to be applied to the rate base; and enabling rapid recovery of CCT expenditures, e.g., through a fuel adjustment clause (as Ohio currently does).

SITING

The ICTAP Report reviews siting laws and regulations in each of the fifty states and classifies each state's practice into one of four categories (see pg. 5 of memorandum 2 in Appendix C). The "one-stop" process is found to be best. In a one stop process, a firm seeking to build a new plant submits one application with all the required information to one state body, which is responsible for ensuring that all permit reviews occur in parallel within the legal time frames. This process contrasts with others in which the applicant must make many submissions and in which permits are considered in sequence, which increases the time required to obtain all permits.

STATE ENVIRONMENTAL LAWS

The ICTAP Report finds that many of the most important potential environmental roadblocks, such as the WEPCO decision, stem from Federal rather than State laws and regulations.

REGULATORY DISINCENTIVES

Mr. WAMPLER. Disincentives are generally the institutional difficulties that rate regulators have in assuring utilities that they can be adequately compensated for capital expenditures, broadly stated. The whole issue of prudency is an issue of varying degrees of concern.

Both the Secretary's Advisory Committee and the National Coal Council recommended some sort of preapproval of those expenditures on clean coal technologies, perhaps below an agreed upon cap, the expensing of clean coal technology costs perhaps through a fuel adjustment clause; the use of construction work in progress for clean coal technologies, and several others, incentives rates of return, for example.

ENVIRONMENTAL INCENTIVES

The two most important environmental incentives, to get directly to your question, would be the grandfathering of clean coal technologies that receive certain levels of emission reduction from a further emission reduction requirement for a decade or more and exempting the clean coal technologies from the effects of the WEPCO decision that we discussed earlier.

Chairman BYRD. What about the continuous emission limits that experimental clean coal plants still have to meet? These are applied to conventional powerplants.

Mr. WAMPLER. Right. These continuous emission monitoring requirements basically allow the regulators at the source to monitor emissions to ensure they are within limits. It's possible that a clean coal technology, as part of a shakedown or a testing procedure, could temporarily violate those limitations. An inadvertent violation shouldn't cause a problem as part of a technology that otherwise meets environmental requirements and on the average reduces emissions from those before installation.

SOURCE PERFORMANCE STANDARDS

Deviations from emission limits for experiments are generally allowable under the State implementation plans only if a source goes through a very lengthy process with that State implementation plan. Under new source performance standards, there is a time limit to come into compliance with emission limits, and since incentives surround these kind of projects, this could be a problem for clean coal II.

Although deviations for experiments are not currently allowed under NSPS, the source could get a waiver under section 3 of the Clean Air Act to extend the time needed to comply with the new source performance standards. However, the process of getting that waiver is a very lengthy, time-consuming process.

So in essence what we are really looking at would be a class waiver, if you will, for all of these technologies or some blanket approvals, and we'll work toward that.

EFFORTS TO REMOVE DISINCENTIVES

Chairman BYRD. When experimental clean coal plants still have to meet the continuous emission limits that are applied to conventional power plants this constitutes a straitjacket that limits the range of testing to improve the demonstration plant. Companies in effect are limited to testing what they already know will work, and flexibility to exceed emission standards for brief periods is necessary.

What are you doing at the Federal level to remove these disincentives, and what have you accomplished on a State-by-State basis?

Mr. WAMPLER. We are, at this point, having and have had some pretty intensive conversations with EPA and State regulatory groups. It's difficult for me to give you a status at this point in time of exactly what we have accomplished. I think that we are going to continue to work on these issues.

The WEPCO issue, for example, is something that should be solved very quickly, and we would hope it's solved very quickly because that seems to be one of the major ones that we are dealing with as a possible disincentive right now to people even proposing some of these projects.

I think we just have to continue to work with the States. I think we have had some meetings with EPA regions. Regions become very, very important and we would propose to continue to do that.

Most of these things are within the administrative flexibility of EPA, if they want to do them, and I think we just have to do a good job of educating. We also have raised these issues with the Office of Management and Budget and the White House and we are working to try to resolve them.

THIRD CLEAN COAL SOLICITATION

Chairman BYRD. Your third clean coal project solicitation is scheduled to be issued by May 1. What are the principal changes between this next solicitation and the two previous ones?

Mr. WAMPLER. There are several major differences. The objective of the program has been expanded to include future energy needs. We have a program policy factor for geographic diversity. The program guidelines under this round 3 clearly define the scope of the PON, and we clearly define it, that it is to demonstrate technology and not to do R&D and not to do deployment, but that was less than clearly defined in some of the others.

We think we have gone a long way to improve the document clarity this time. This is our third one, and we have had the experience and we have learned hopefully from the previous two. We have improved repayment requirements, recoupment. That has been a major issue in the program.

We have been very explicit about the Department's process of negotiation, and we have not done that before. The private sector should come in knowing exactly what they are going to be faced with in terms of information and milestones.

We have lessened the data we have asked for, and a consequence in doing that was to lower the proposal cost. We received several complaints under round 2 that it was costing in excess of $500,000 to prepare one of these proposals and that was particularly onerous to especially the smaller companies that might want to get involved.

We have strengthened a very important requirement, and that is we have made financing and corporate commitment a more important element of the evaluation process.

So those are the basic changes that we feel we have made.

EVALUATION CRITERIA FOR ROUND 3

Chairman BYRD. How important will the reduction of CO_2 be as an evaluation criterion in your project selection?

Mr. WAMPLER. We will give some additional credit for the reduction of greenhouse gases, but the credit is not large enough to provide a basis for a project to be selected if it also does not significantly lower sulfur dioxide and NO_x.

Chairman BYRD. Would the CO_2 reduction criterion encourage the section of higher efficiency repowering technologies rather than simple retrofits?

Mr. WAMPLER. The CO_2 reduction criteria would not support high efficiency repowering as opposed to retrofit. The reduction of acid gases certainly remains still the major emphasis for selection of projects. The weight for CO_2 reduction generally is fairly low, but it would make a difference if you had two otherwise fairly identical projects and it could swing the selection.

Chairman BYRD. Toward?

Mr. WAMPLER. Toward the one with CO_2 reduction.

Chairman BYRD. Would natural gas reburning projects benefit excessively from this criterion simply because of the relatively low carbon content of natural gas?

Mr. WAMPLER. No; the credit again is not large enough to have that major an impact on the selection.

PROJECT FINANCING

Chairman BYRD. Project financing continues to be a major stumbling block for many previously selected projects.

Are there any changes to the third solicitation or to your evaluation procedures which will either facilitate project financing or which will weed out projects with weak financing plans before they are selected?

Mr. WAMPLER. Mr. Chairman, we have made changes that beneficially affect this. One of the major ones is that now we will be permitting industrial participants to use operating revenues as a source of funds to cover variable operating costs, and previously the proposers had to seek sources outside of the project to finance those costs.

We have clearly stated in this PON that we will not, as DOE, claim title to any of the project assets, and this should make dealing with financial institutions for the industrial partner much easier. Repayment has been made easier. The inflation adjustment we had in round 2 has been dropped, percentages have been changed to be more in line with industry standards, and the relative importance of the business criteria as part of the PON is very clearly stated. We are stressing the importance of financing to the selection process. So it ought to be clear to the private sector partner that we want that commitment prior to selection.

CONTACT WITH PROPOSERS

Chairman BYRD. One concern about the previous solicitations was that all projects were judged solely on the basis of DOE's review of the project proposals. No subsequent inquiries were made of project proposals by DOE to gain clarification.

Each clean coal solicitation represents a massive procurement effort. Why are you not changing the ground rules to permit DOE contact with proposers during the evaluation process, or are you?

Mr. WAMPLER. We do have a provision in round 3 that would permit clarification discussions, but we do caution in all fairness that we have the right and may make selection without any further communication with proposers.

LENGTH OF EVALUATION PROCESS

Chairman BYRD. Have we required you to complete the evaluation process too quickly?

Mr. WAMPLER. I don't think so, Mr. Chairman. I think while it's certainly a tight timeframe, and maybe some people sitting behind me would disagree with that particularly given some of the long hours they have worked, I think we have to make a value judgment, and the value judgment must be made in a tight timeframe or else the program that could be so important to this country would be delayed even longer. So I certainly am in favor of the time constraints that you have placed on us.

Chairman BYRD. So you don't think an extension of time would be necessarily beneficial to the quality of the projects that are eventually selected?

Mr. WAMPLER. I don't think so. If you extend time, the only thing that we could do additionally is go into additional phases of clarification, and you can make a case for that.

It was interesting to note at the public meetings that we had, when we brought up the issue of additional time for clarification, that a lot of the proposers or potential proposers felt that going into detailed clarifications could really draw out the process and make it time consuming, but even more importantly than that, make it even more expensive.

So I think that we have a good balance, and while I would like to have the opportunity for more clarification, if we get a large number of proposals, which we hope for, we could get in a situation of extremely long, drawn out clarification discussions. I would rather go ahead under the current time constraints and try to pull it off.

TWO-STEP PROCUREMENT PROCESS

Chairman BYRD. For clean coal III, I understand that the Department has considered and rejected a two-step procurement process that would, first, require the submission of relatively brief, and relatively inexpensive project proposals from which you would select a short list. The finalists on the short list would then be requested to submit the detailed proposals which would be evaluated for final project selections.

Why have you chosen not to pursue the short list approach?

Mr. WAMPLER. Well, partly for the reasons that I just stated on the last answer, but we have a couple of more generic concerns. Unless the first screen rejects a very significant number of proposals, we could be talking about a very, very lengthy process again, and we would have to reduce information at the first stage to the point that we feel it might raise potential criticism from unsuccessful proposers that they didn't really have an adequate chance to explain their project.

We did take a hard look at State programs. They are generally for less money and most of them have a second step. They lean heavily on the Department of Energy to make the final selections in the program and some of their support is caveated on that basis. So we felt that we would be better off to go this way in this round. It's something that I think merits looking at, that process or some modification of that process, perhaps in rounds 4 and 5.

Chairman BYRD. Would such an approach have minimized costs for projects that were not selected on the first cut and couldn't a short list technique have been used to limit the number of projects to a manageable size which would permit face-to-face interviews with the project proposers?

Mr. WAMPLER. Yes, Mr. Chairman, it could have had that effect. It could also have had an opposite effect of not being able to make that first cut significant enough to reduce the burden to the point that we wouldn't be involved in perhaps a year of discussions with proposals in order to make the second cut.

Again, I would have a fear that with some of the unsuccessful proposers, and our legal department felt, that it gave them just a

hook to accuse us of not selecting based on inadequate information. So we looked at this issue very closely.

OTHER CHANGES IN THIRD SOLICITATION

Chairman BYRD. Are there any changes other than those you have indicated that would be made in the third solicitation to reduce the proposal burden on hopeful bidders?

Mr. WAMPLER. Yes; there have been some. We put together a team, a fairly large team, to take a look at this and to develop the round 3 procedures. We looked at all the information we asked for in round 1 and round 2 and we analyzed it for its value in the selection process. We have been through this twice now, and based on that analysis, we found that in the cost area we had simply been asking for too much detail and that was not being used to a significant extent during the selection process.

We pared the information requirement back in several areas. We have tried to improve the clarity of the document and have written it in terms that the private sector is more familiar with. We feel in the process of that we have lowered the proposal preparation costs, and we feel that some information that was requested prior to selection we can now request after a selection of successful proposers and not do any harm at all to the program and thus make it easier on the industrial participants.

REPAYMENT

Chairman BYRD. You talked earlier about repayment, and it continues to be an issue that many potential bidders have complained about. Would you explain the repayment requirements in the third solicitation and indicate why you have made changes from the repayment procedures in the second solicitation.

Mr. WAMPLER. We have kept the repayment provision. We feel that it's appropriate that DOE be repaid from successful projects for the risk money that we put up. We have retained several features that were very important, the 20-year limit on payments, the fact that corporate assets are not pledged to repaying, it's not a loan, and repayment only comes from items that are in the agreement and only from successful replication of technologies.

We have made several changes. We have changed the formula, and the formula should not be a problem for any of the industry proposers. It's much more flexible.

We have also added something that I think is very important, and that is a grace period for repayment that is possible on a case-by-case basis.

We have not made a decision on this yet, but we are also looking at if it is proper to allow a provision, as you allowed in your report language, for the Secretary at the point of commercialization to make a determination on whether or not repayment would competitively harm the proposer. So we are taking a look at that issue right now but have not made a decision on it. We see a lot of merit in that.

Chairman BYRD. Do you have discretion to apply any of these new repayment procedures to round 2 and, if so, do you plan to

change the repayment procedures for the projects that you presently have under negotiation?

Mr. WAMPLER. We are told we do not have that flexibility once the proposer has made the proposal based on what they understood repayment to be and we selected based on that. We were told, unfortunately, that we do not have that option.

If you look at rounds 1 and 2 and now round 3, they all three had different repayment provisions in them. I suppose it could be argued that that's unfair, but I think we have to reflect on the fact that all these people proposed knowing what those provisions were and still proposed.

SCHEDULE OF CLEAN COAL FUNDING

Chairman BYRD. I noted earlier that President Bush has proposed to restore the Clean Coal Program schedule and funding levels.

What would be lost if Congress failed to appropriate the remaining $1.2 billion in advance appropriations requested by President Bush?

Mr. WAMPLER. I think several things. I think the private sector certainly is going to be less certain of the commitment to the program and maybe would tend to view round 3 as the end and stop work on preparations for round 4 and round 5. I think very clearly the work that was started in round 1 has continued through round 2 and into round 3 by specific companies that could be very well led to believe that the program was not going to continue if we didn't have advanced appropriations.

Second, this program is very high on President Bush's agenda. He has spoken publicly about it, and it's high on Secretary Watkins' agenda. It also keeps a commitment that we feel we have made both to the private sector and the Canadians, and I think that if we fail to provide advance appropriations both of those will be damaged.

Chairman BYRD. Would the Clean Coal Program stretch- out proposed by former President Reagan have adversely affected the program's objectives?

Mr. WAMPLER. Yes; Mr. Chairman, it would. In one way especially it would simply have increased the timeframe within which these technologies are going to be developed, implemented, and commercialized. It would have had an impact on that.

A case could have been made for the stretch-out based on the fact that there would possibly be some newer technologies coming out of the R&D pipeline during that timeframe, but there certainly would have been a slow- down in the program.

FOURTH CLEAN COAL SOLICITATION

Chairman BYRD. When will the fourth solicitation be conducted?

Mr. WAMPLER. We haven't determined, Mr. Chairman, a specific month and year. We have got a planning activity underway and we suspect that very shortly, in 30 to 60 days, we will be able to answer that pretty definitively, and we will be glad to, as soon as we have made that decision, inform the committee of that decision. We simply haven't made it yet.

FIFTH CLEAN COAL SOLICITATION

Chairman BYRD. Would the same be true with regard to the fifth solicitation?

Mr. WAMPLER. The same would be true, yes, sir.

Chairman BYRD. So you don't have any particular month in mind?

Mr. WAMPLER. Not month and year, but it will certainly be within the 5-year timeframe. We have to take a look at solicitations four and five and look at the advisability, for example, of going out with two $600 million solicitations versus a one $1.2 billion. I mean that's an option that we have to take a look at. So those kinds of things are what we are considering now. We would not expect in any event anything to delay us beyond the projected timeframe.

Chairman BYRD. Are you saying that there might not be a fifth solicitation if you go out with a $1.2 billion?

Mr. WAMPLER. If we went out with a $1.2 billion solicitation that would certainly commit all the $2.5 billion and you would not have to go with a fifth solicitation. We have to evaluate that. There certainly is less work for the Department in putting out one large solicitation arguably, but we have to look at that to see what technologies we might be impeding that if they had that extra year to develop might fit better into the program. So I think we have to very carefully consider that.

WIDESPREAD DEPLOYMENT OF TECHNOLOGIES

Chairman BYRD. Is it clear that with the completion of these solicitations and the subsequent technology demonstrations there will be adequate information for widespread deployment of clean coal technologies in the private sector?

Mr. WAMPLER. Yes, it is, Mr. Chairman.

Chairman BYRD. What other incentives are necessary to promote such a widespread deployment of clean coal technologies?

Mr. WAMPLER. That, Mr. Chairman, is an issue that has certainly been discussed for the past 2½ years, and we have some ideas that I think need to be further fleshed out. For example, I think on the Federal level FERC can offer some incentives to deployment. I think rapid amortization is a possibility, allowance for construction work in progress payments, incentive rates of return and those kinds of things.

I would encourage the States to look at various incentives within their purview for these projects. We have a whole list of incentives that are possible in the two reports that I spoke about earlier, and we are evaluating all those and also looking at them from the standpoint of how practical they might be to get implemented.

I think during the upcoming discussions between Congress and the administration on any acid rain legislation that this will become a very integral part of that discussion, what incentives are necessary, because we have to be very careful that we don't develop a $5 billion suite of technologies simply to have them demonstrated and nothing else happens. I think that would be tragic.

Chairman BYRD. Time is so important in connection with any effective, fair, and reasonable acid rain legislation, time and the amounts.

Would you lay in the record the incentives that the administration presently favors and the ones that they are still considering.

Mr. WAMPLER. We would be glad to do that, Mr. Chairman.

[The information follows:]

INCENTIVES FOR CCT DEPLOYMENT

The following incentives which are extremely important for deployment of CCT's are being considered by the Administration: create a generic exemption from the effects of the federal EPA WEPOO decision on CCT demonstrations; "grandfather" permanent CCT's that achieve large percentage reductions (perhaps in excess of 70 percent for SO_2, for example) from further reduction requirements that might be part of acid rain legislation for a reasonable time period, e.g., the life of the CCT equipment; and express the strong sense of Congress that utility rate regulators take steps toward reducing the reluctance utilities have in undertaking construction—see ICTAP Report (Report to the Secretary of Energy Concerning Commercialization Incentives) recommendations.

In addition, the President's Task Force on Regulatory relief in 1988 recommended the following incentives for advanced technologies which are in various stages of implementation:

(1) The FERC should consider, in their rate making responsibilities, the following incentives for innovative emission control technologies (coal and non-coal): (a) incentive rates of return, (b) allowance of full Construction Work in Progress (CWIP) in utility rate base, and (c) accelerated amortization.

(2) The EPA should consider: (a) greater use of "new-new" bubbles, (b) complementary use of "new-new" bubbles and innovative technology waivers, (c) expanded use of commercial demonstration permits, and (d) NO_x control strategies for low-level ozone reduction.

(3) In the CCT Program Opportunity Notices, consider giving preference to projects in States that, for rate making purposes, treat CCT's the same as pollution control projects and that promise superior cost-effectiveness.

The Administration may come forward with additional incentives in the months ahead, but, these are considered most important at present.

CBO REPORT ON ACID RAIN LEGISLATION

Chairman BYRD. It is my understanding that the Congressional Budget Office intends to release a report dealing with the efficacy of clean coal technologies and energy conservation in reducing acid rain.

Would you provide your comments on that report to this committee soon after its publication, hopefully within 2 or 3 weeks?

Mr. WAMPLER. Certainly.

KEY TO SOLVING ACID RAIN PROBLEM

Chairman BYRD. I'm concerned about the slow progress to date. I recognize that you can't make decisions for the private sector, but I urge you to do all that you can to facilitate the successful demonstration of these technologies which hold the key to solving the acid rain problem in a cost effective manner.

Many jobs and billions of dollars are riding on your shoulders and the price of failure would be high. The benefits of a successful Clean Coal Technology Program are even higher. We must succeed, and I can assure you that you will have my full cooperation in this endeavor.

Mr. WAMPLER. Thank you, Mr. Chairman.

Chairman BYRD. I was thinking about the important ingredients of an effective acid rain program are time, tonnage, and technique, and clean coal technology gets into the act as well as time and tonnage.

Mr. WAMPLER. That's very true, Mr. Chairman.

PROGRAM DIRECTION

Chairman BYRD. The clean coal budget justification indicates that a total of $22,548,000 will be required in fiscal year 1990 for program direction.

What accounts for the increase above the fiscal year 1989 program direction level of $14 million? More specifically, why is the narrative justification for environmental assessment activities identical in the current year in fiscal year 1990 columns while the dollar amounts budgeted vary widely, $3,880,000 for fiscal year 1989 and $7,340,000 for fiscal year 1990?

Mr. WAMPLER. This, Mr. Chairman, just heavily reflects the expanded scope of the effort that is necessary to implement the overall program in fiscal year 1990. In fiscal year 1990, it's expected that active projects that we have will increase from 9 to 29. In addition, the projects will be selected under the third round during the first quarter of fiscal year 1990.

The number of NEPA actions will increase from 9 to 29 and that will cause the increase in the environmental program from $3.9 million to $7.3 million.

Chairman BYRD. Would you please provide new narrative justification for the record.

Mr. WAMPLER. Yes, sir; I certainly will.

[The information follows:]

CCT PROGRAM DIRECTION REQUEST

The increase in program direction funding for environmental support activities from the fiscal year 1989 budget to the fiscal year 1990 budget is because program direction funding for the CCT-2 program was appropriated over a two year period (fiscal year 1988 and fiscal year 1989), but the total program direction funding to support the entire CCT-3 program is being appropriated in fiscal year 1990. The environmental support budget for CCT-2 is $8,430,000 ($4,550,000 in fiscal year 1988 and $3,880,000 in fiscal year 1989), and the environmental support budget for CCT-3 is $7,340,000. While the total environmental support funding for CCT-3 is provided for in the fiscal year 1990 CCT-3 appropriation of $575 million, it is anticipated that these funds will be used to support environmental compliance, assessment, and monitoring activities which extend well beyond fiscal year 1990.

CLEAN COAL TECHNOLOGY PROGRAM DIRECTION BUDGET

[In millions of dollars]

Appropriated	1986	1987	1988	1989	1990	Total
Select/award	0.500	0.688	1.390			2.578
Integration	.450	.680	.398			1.528
Environment	.541	.620	.200			1.361
Personnel						
Total CCT–I	1.491	1.988	1.988			5.467
Select/award			4.395			4.395
Integration			5.587	5.940		11.527
Environment			4.550	3.880		8.430

CLEAN COAL TECHNOLOGY PROGRAM DIRECTION BUDGET—Continued

[In millions of dollars]

Appropriated	1986	1987	1988	1989	1990	Total
Personnel			3.980	4.180		8.160
Total CCT-2			18.512	14.000		32.512
Select/award						
Integration					10.920	10.920
Environment					7.340	7.340
Personnel					4.288	4.288
Total CCT-3					22.548	22.548
Select/award	.500	.688	5.785			6.973
Integration	.450	.680	5.985	5.940	10.920	23.975
Environment	.541	.620	4.750	3.880	7.340	17.131
Personnel			3.980	4.180	4.288	12.448
Total program director	1.491	1.988	20.500	14.000	22.548	60.527

FOSSIL ENERGY R&D BUDGET REQUEST

Chairman BYRD. Now let's turn to the consideration of the fiscal year 1990 budget request for fossil energy research and development.

Here the administration is proposing an overall funding level of only $163,574,000 in new budget authority, a decrease of $217,021,000 from the amount appropriated for fiscal year 1989. This represents a 57-percent reduction from the current level.

The totals I have just mentioned include a request of $1,869,000 for construction in fiscal year 1990 compared with an appropriation of $21,250,000 for the current year.

Total full time employees proposed in this budget amount of 570, or a decrease of 133 below the projected usage for fiscal year 1989.

We have already included your prepared statement in the record. So we will proceed immediately to the questions, unless you have some summary remarks that you would like to make at this time.

Mr. WAMPLER. No, Mr. Chairman.

MORGANTOWN ENERGY TECHNOLOGY CENTER

Chairman BYRD. Now with reference to the Morgantown Energy Technology Center, I note that there are no funds in the administration's fiscal year 1990 request to complete the new administrative wing at the Morgantown Energy Technology Center. Congress has appropriated $8.5 million to date for this building and construction was initiated last summer.

How much is required to complete the new administrative wing?

Mr. WAMPLER. The fiscal year 1989 base was $4.5 million. We had requested nothing for that in fiscal year 1990, and it's my understanding that the total is $12.477 million. So it would be a total of $4 million that would be required.

Chairman BYRD. Construction of the building is planned for completion in late 1991. Is the $4 million needed in fiscal year 1990 to keep the building on schedule?

Mr. WAMPLER. Yes, Mr. Chairman; it is.

Chairman BYRD. Did you request the funds necessary to complete the new wing in your budget submission to the Secretary?

Mr. WAMPLER. I'm looking this up, Mr. Chairman, but I'm certain we did. Yes, Mr. Chairman; we did.

Chairman BYRD. Now where in the process were these funds deleted?

Mr. WAMPLER. At the secretarial level in DOE, Mr. Chairman.

Chairman BYRD. I suppose that's because they know I'm going to put them in anyhow. [Laughter.]

PITTSBURGH ENERGY TECHNOLOGY CENTER

I understand that your fiscal year 1990 budget request does include $1,896,000 for the second year construction cost to renovate the chemical engineering laboratory at the Pittsburgh Energy Technology Center. Why does the budget include funds for this building, on which construction has not yet begun, while no funds are requested for the new Morgantown Energy Technology Center administrative wing?

Mr. WAMPLER. Let me say at the outset, Mr. Chairman, that the facility at Morgantown is certainly needed. We have said that time and time again and it's a matter of funds.

The $1.8 million at Pittsburgh is in the budget because it's an environmental project. There are some environmental deficiencies at that site and we have been trying to give these some priority within the budget request as we come forward with them, and that's the reason it is in there.

COMPLETION OF METC FACILITY

Chairman BYRD. Would the METC facility be usable without additional funds?

Mr. WAMPLER. No, sir; it would be a shell.

Chairman BYRD. So we're going to play the shell game. [Laughter.]

Well, if you need $4 million now to complete the METC building and it's not in your request, what does the administration propose to do, leave the building uncompleted or complete only part of it and have it appear as one of the eight wonders of the world for tourists to stop by and gawk at? [Laughter.]

I'm sorry, I interrupted you.

Mr. WAMPLER. Under the current administration proposal it would sit as it exists until the administration proposed funding for it. It is needed and, as you have pointed out many times, there are a tremendous amount of people in trailers, temporary quarters there that have been there for a number of years.

Chairman BYRD. This aspect of your budget makes no sense, but that isn't your fault because you've made the request. OMB just simply needs enlightenment. I won't ask for your confirmation of that fact. [Laughter.]

Mr. WAMPLER. Thank you, Mr. Chairman.

MANDATED FEDERAL EMPLOYMENT LEVELS

Chairman BYRD. My amendment to the fiscal year 1982 Supplemental Appropriations bill requires that the Department of Energy maintain certain employment levels for the Fossil Energy Program, headquarters 135, METC 250, PETC 280, and miscellaneous 50.

Does this budget request provide adequate funds to support the Federal employment levels required by law?

Mr. WAMPLER. No, Mr. Chairman; it does not.

Chairman BYRD. It funds only 570 FTE's, 145 less than the total required by law.

Mr. WAMPLER. That's correct, Mr. Chairman.

Chairman BYRD. Why not?

Mr. WAMPLER. Well, first, let me say we have no intention, unless the Appropriations Committee approves our request as submitted, to not comply with the law. You pointed out correctly that that's part of the law and we would intend to comply with the law at those four levels.

That number was based on the projected program cuts that we put forward, and if we did make those program cuts, that would be an appropriate number of people. If the program cuts are not made and the law is not changed, we will certainly comply with the law, Mr. Chairman.

Chairman BYRD. The Morgantown Energy Technology Center would be cut from its present level of 280 FTE's to 235 FTE's next year, and that means that I would get 45 letters and telegrams immediately, if this request were approved as submitted. [Laughter.]

FTE REDUCTION AT METC

What is the rationale for this 45 FTE reduction? Has there been any major change in the mission of METC?

Mr. WAMPLER. No, Mr. Chairman; there hasn't been any major change in the mission. It has perhaps increased with the responsibilities in clean coal technology. That request for lowering that number of employees was based entirely on the budget proposal of the administration, and as funded at that level, then we feel that would be an appropriate number of people to handle that at $160 million budget level roughly.

Chairman BYRD. You're talking about the Reagan administration?

Mr. WAMPLER. Yes; that's true.

Chairman BYRD. Assuming that this reduction were to occur evenly throughout the year, a 45-FTE reduction would equate to a 90-person reduction in staffing. Is that the administration's intent, or would 45 employees be terminated on the first day of fiscal year 1990?

Mr. WAMPLER. Mr. Walsh will answer that.

Chairman BYRD. They would be terminated?

Mr. WALSH. No; there is no intention to terminate employees. If we get an indication from the Congress that they would accept this, we would start right now allowing attrition to occur without hiring and hopefully it would be approximately 45. The Department is flexible on that, but with 16,000 FTE's in our Department we can

be flexible and that's our estimate. It would be 45 people, and we would not conduct reductions in force.

Chairman BYRD. I'll do a little geometry. I will draw a rectangle here. This is the hypotenuse. This is the 90-degree angle. You start with one at the beginning of the year and make an average of 45 in the year and this would have to come out here at 90, right?

Mr. WALSH. Yes, sir.

Chairman BYRD. Now that's the old math or the new math.

Mr. WALSH. The old math. As I said, hopefully we're going to get a signal from the Congress rather shortly as to what their intentions are with respect to our proposal. Now it's April. If we get it in April, we're dealing with several months to get started putting a freeze on employment, hiring.

SEVERANCE COSTS FOR FTE REDUCTION

Chairman BYRD. Does this budget include funds for severance payments related to the 45 FTE's that are proposed for elimination at METC, as well as for the 100 FTE's that would be eliminated elsewhere?

Mr. WAMPLER. No; it does not include it because we would anticipate attrition to take care of it, if that proposal was approved.

Chairman BYRD. So are you saying that there would be no severance costs associated with the proposed reduction of 45 FTE's?

Mr. WAMPLER. If everything worked perfectly, there probably would not be. I certainly wouldn't say there wouldn't be any case that that wouldn't be required, and it has always been the Department's policy to take care of the employees first. So I would see no change.

Chairman BYRD. That would go against the laws of physics, wouldn't it, that everything worked perfectly?

Mr. WAMPLER. It certainly would, Mr. Chairman. [Laughter.]

Chairman BYRD. If your budget request does not include these severance payments that terminated employees would be entitled to by Federal law, then Congress shouldn't take these proposed budget reductions seriously, should they?

Mr. WAMPLER. Well, I think, Mr. Chairman, we have certainly been involved in this process for a number of years and we have certainly disagreed on budget levels. I think that what we tried to do is come up with a number of employees that fits a reduced budget proposal, and you of course have not gone along with that in the past. In this budget request that's simply what we have tried to do.

As Admiral Watkins has said in all of his appropriations hearings, certainly we have come forward with a budget that the administration has indicated this time, for I guess the first time in a long time, that's negotiable, and the second thing is that there are areas that certainly we could use more money in and we, as we have in the past, would be glad to furnish you with a priority listing of those areas that we need more money in.

Chairman BYRD. Would you do that for the record then.

Mr. WAMPLER. Certainly, Mr. Chairman.

[The information follows:]

PRIORITY LIST OF FOSSIL ENERGY R&D PROJECTS

The following chart represent a priority list of Fossil Energy Research and Development activities that were in the Assistant Secretary's fiscal year 1990 budget request to the Department that are not included, or were reduced, in the Congressional budget request.

92-992 0 - 90 - 20

FY 1990 CONGRESSIONAL BUDGET REQUEST COMPARED TO FY 1990 ASFE IRB REQUEST ($ in thousands)

February 21, 1989

Rank	Activity/Subactivity	FY 1990 Cong. Request	+/- Increment	FY 1990 ASFE Request
1	Headquarters Program Direction	9,139	2,373	11,512
2	ETC Program Direction	16,451	28,332	44,783
3	Alaska Pipeline Inspector	249	-149	100
4	FE Environmental Restoration	1,043	57	1,100
5	AR&TD -- Tech. Crosscut/Environmental Activities	2,465	135	2,600
6	AR&TD -- Tech. Crosscut/Technical & Econ. Analyses	2,646	144	2,790
7	AR&TD -- Tech. Crosscut/wCoal Technology Export	2,126	74	2,200
8	AR&TD -- Tech. Crosscut/International Prog. Support	723	127	850
9	EOR -- Light Oil	14,176	1,824	16,000
10	EOR -- Heavy Oil	4,067	1,416	5,483
11	AEPT -- Supporting Tech. & Environmental Res.	3,068	-1656	1,412
12	AEPT -- Geoscience & Extraction Res.	1,553	1,285	2,838
13	AEPT -- University Geoscience Res.	0	2,250	2,250
14	Coal Liquefaction -- Direct Liquefaction	2,913	7,299	10,212
15	Coal Liquefaction -- Indirect Liquefaction	2,687	3,309	5,996
16	Coal Gasification -- Sys. for Coproducts Production	4,906	2,167	7,073
17	Combustion Systems -- Alt. Fuels Utilization	3,711	2,753	6,464
18	CT&CP -- Coal Preparation	11,318	1,153	12,471
19	Combustion Systems -- Adv. Combustion Technology	2,629	2,039	4,668
20	Coal Liquefaction -- Spt. Studies/Engrg. Evaluations	958	1,070	2,028
21	Combustion Systems -- AFB Combustion	1,650	1,569	3,219
22	Heat Engines -- Diesel Engines	2,362	6,638	9,000
23	Combustion Systems -- PFB Combustion	6,634	662	7,296
24	CT&CP -- Waste Management	3,089	-801	2,288
25	CT&CP -- Flue Gas Cleanup	11,398	1,822	13,220
26	CT&CP -- Gas Stream Cleanup	4,585	6,015	10,600
27	Coal Gasification -- Sys. for Power Production	1,201	3,446	4,647
28	Heat Engines -- Gas Turbines	6,557	3,129	9,686
29	Coal Gasif. -- Sys. for Synthesis Gas Production	1,147	2,486	3,633
30	Coal Gasif. -- Sys. for Ind. Fuel Gas Production	831	1,468	2,299
31	AR&TD -- Tech. Crosscut/Exploratory Tech. Base Res.	2,371	-1861	510
32	Coal Liquefaction -- Advanced Research	3,099	3,117	6,216
33	AR&TD -- Materials	4,966	1,291	6,257
34	AR&TD -- University Coal Research	3,825	1,716	5,541
35	AR&TD -- Coal Utilization Science	3,500	3,196	6,696
36	Combustion Systems -- Advanced Research	1,141	1,082	2,223
37	CT&CP -- Advanced Research	1,871	2,343	4,214
38	Coal Gasification -- Advanced Research	652	1,005	1,657
39	Fuel Cells -- Advanced Research	977	53	1,030
40	AR&TD -- Tech. Crosscut/Bioprocessing of Coal	213	812	1,025
41	AR&TD -- Tech. Crosscut/Instrumentation & Diagnostics	1,264	69	1,333
42	AR&TD -- Components	1,444	1,201	2,645
43	Fuel Cells -- Molten Carbonate Systems	3,399	3,450	6,849
44	Fuel Cells -- Advanced Concepts	2,125	5,466	7,591
45	Cooperative R&D Ventures	0	10,000	10,000
46	Plant & Capital Equipment -- Construction	1,896	9,329	11,225
47	Plant & Capital Equipment -- Capital Equipment	0	499	499
48	UCG -- Environmental & Advanced Research	213	803	1,016
49	UGR -- Western Tight Gas Sands	319	796	1,115
50	UGR -- Environmental & Advanced Research	3,432	-1904	1,528
51	Oil Shale -- Oil Shale Tech. Base	991	2,930	3,921
52	Oil Shale -- Environmental Mitigation	692	746	1,438
53	UGR -- Eastern Gas Shales	319	2,047	2,366
54	UCG -- Gasification Technology Development	213	2,460	2,673
55	EOR -- Tar Sands	0	0	0
56	AEPT -- Arctic & Offshore Research	0	0	0
57	Magnetohydrodynamics	0	42,350	42,350
58	Fuel Cells -- Phosphoric Acid Systems	0	0	0
		165,204	175,432	340,636

Chairman BYRD. I would venture to wager that this proposed reduction is not your proposal.

Mr. WAMPLER. No, Mr. Chairman; I did not propose the reduction. I can submit, if you like, the tables for the record.

Chairman BYRD. Would you do that. So is this another egg that was hatched over at OMB?

Mr. WAMPLER. Well, Mr. Chairman, we go through a process every year, and this probably in some cases is not unlike Congress in the process of debate, with administration priorities and this document is a result of that debate, and certainly it's my obligation to support that budget after it once comes out.

Chairman BYRD. You're a good man.

[The information follows:]

HOLLIFIELD TABLES

The following are the Department's Hollifield tables pertaining to the programs under the preview of the Assistant Secretary for Fossil Energy.

DEPARTMENT OF ENERGY
FY 1990 CONTROL TABLE
(DOLLARS IN THOUSANDS)

A/S CODE	ACCOUNT TITLE	FY 1988 IN FY 90 STR B/A	FY 1989 IN FY 90 STR BA	FY 1990 A/S REQUEST B/A	FY 1990 OMB REQ BA	FY 1990 CONG REQ B/A	CHANGE	FY 1990 REV REQ B/A
999100	SUMMARY BY APPROPRIATION:							
999115	ENERGY SUPPLY R&D	2,000,852	2,139,551	2,721,768	2,346,565	2,162,276	-----	2,162,276
999125	URANIUM SUPPLY AND ENRICHMENT ACTIVITIES	-284,576	-----	10,700	-107,000	-----	-----	-----
999110	GENERAL SCIENCE AND RESEARCH ACTIVITIES	804,713	922,116	1,662,080	1,376,760	1,169,431	-----	1,169,431
999158	ISOTOPE PRODUCTION & DIST FUND	-135	-209	-----	-----	16,242	-----	16,242
999105	ATOMIC ENERGY DEFENSE ACTIVITIES	7,749,364	8,100,000	9,402,507	9,439,243	9,027,000	360,000	9,387,000
999215	DEPARTMENTAL ADMINISTRATION	255,527	144,965	258,310	228,283	179,923	-----	179,923
980102	OFFICE OF INSPECTOR GENERAL	20,617	20,959	26,308	22,994	22,959	-----	22,959
999164	POWER MARKETING ADMINISTRATIONS:							
999165	ALASKA POWER ADMINISTRATION	3,026	3,159	3,875	3,145	3,145	-----	3,145
999170	BONNEVILLE POWER ADMINISTRATION	134,557	211,200	246,400	235,500	218,500	-----	218,500
999175	SOUTHEASTERN POWER O&M	27,400	36,267	47,077	42,369	42,369	-----	42,369
999180	SOUTHEASTERN CONT. FUND	-----	-----	-----	-----	-----	-----	-----
999185	SOUTHWESTERN POWER O&M	16,648	15,389	33,572	30,772	25,172	-----	25,172
999190	SOUTHWESTERN POWER CONT. FUND	-----	-----	-----	-----	-----	-----	-----
999195	WESTERN AREA POWER O&M	249,515	273,413	369,452	317,797	314,797	-----	314,797
999200	NAPA EMERGENCY FUND	-----	-----	-----	-----	-----	-----	-----
999205	COLORADO RIVER BASIN	-----	-----	-----	-----	-----	-----	-----
999206	TOTAL, POWER MARKETING ADMINISTRATIONS	431,146	539,428	700,376	629,583	603,983	-----	603,983
999155	FERC SALARIES AND EXPENSES	100,000	108,760	107,800	120,249	116,550	-----	116,550
999136	NUCLEAR WASTE DISPOSAL FUND	360,000	363,832	660,214	577,383	500,000	-----	500,000
999160	GEOTHERMAL RESOURCES DEVELOPMENT FUND	50,052	75	75	75	75	-----	75
999161	SPECIAL FOREIGN CURRENCY	-----	-----	-----	-----	-----	-----	-----
999162	ALCOHOL FUELS	-----	-----	-----	-----	-----	-----	-----
999137	ALTERNATIVE FUELS PRODUCTION	-----	-----	-----	-----	-----	-----	-----
989162	CLEAN COAL TECHNOLOGY	196,867	190,000	575,000	710,000	325,000	385,000	710,000
999130	FOSSIL ENERGY RESEARCH AND DEVELOPMENT	324,139	380,595	340,636	176,945	163,574	-----	163,574
999139	NAVAL PETROLEUM AND OIL SHALE RESERVES	159,663	185,071	269,392	203,386	192,124	-----	192,124
999135	ENERGY CONSERVATION	308,311	315,284	125,414	105,657	95,528	-----	95,528
999150	ECONOMIC REGULATION	21,565	21,372	47,810	20,346	20,346	-----	20,346
999149	EMERGENCY PREPAREDNESS	6,172	6,154	6,241	6,641	6,641	-----	6,641
999140	STRATEGIC PETROLEUM RESERVE	164,162	173,421	197,414	194,999	194,999	-----	194,999
989119	SPR/NPR PETROLEUM ACCOUNT	438,744	242,000	727,582	420,695	126,962	-----	126,962
999145	ENERGY INFORMATION ADMINISTRATION	61,398	62,856	67,616	65,790	65,232	-----	66,232
502100	PAYMENTS TO STATES	1,803	2,446	1,909	1,909	2,446	-----	2,446
989850	SUBTOTAL DOE	13,170,383	13,918,676	17,909,152	16,540,503	14,991,292	745,000	15,736,292

DEPARTMENT OF ENERGY
FY 1990 CONTROL TABLE
(DOLLARS IN THOUSANDS)

A/S CODE	ACCOUNT TITLE	FY 1988 IN FY 90 STR B/A	FY 1989 IN FY 90 STR BA	FY 1990 A/S REQUEST B/A	FY 1990 OMB REQ BA	FY 1990 CONG REQ B/A	CHANGE	FY 1990 REV REQ B/A
999488	EFFECT OF PRIVATIZATION:							
999490	ALASKA POWER	-----	-----	-----	-----	-----	-----	-----
999492	BONNEVILLE POWER	-----	-----	-----	-----	-----	-----	-----
999494	SOUTHEASTERN POWER	-----	-----	-----	-----	-----	-----	-----
999496	SOUTHWESTERN POWER	-----	-----	-----	-----	-----	-----	-----
999498	WESTERN AREA POWER	-----	-----	-----	-----	-----	-----	-----
999500	COLORADO RIVER BASIN	-----	-----	-----	-----	-----	-----	-----
999502	NAVAL PETROLEUM & OIL SHALE RESERVES	-----	-----	-----	-----	-----	-----	-----
989852	TOTAL DOE	13,170,383	13,918,676	17,909,152	16,540,503	14,991,292	745,000	15,736,292

DEPARTMENT OF ENERGY
FY 1990 CONTROL TABLE
(DOLLARS IN THOUSANDS)

A/S CODE	ACCOUNT TITLE	FY 1988 IN FY 90 STR B/A	FY 1989 IN FY 90 STR BA	FY 1990 A/S REQUEST B/A	FY 1990 OMB REQ BA	FY 1990 CONG REQ B/A	CHANGE	FY 1990 REV REQ B/A
600000	RECEIPTS							
600005	URANIUM ENRICHMENT	-----	-----	-----	-----	-----	-----	-----
600010	NAVAL PETROLEUM RESERVE	-652,818	-563,875	-677,066	-677,066	-509,948	-----	-509,948
600015	POWER MARKETING	-----	-----	-----	-----	-----	-----	-----
600020	Power Marketing	-8,814	-8,730	-9,174	-9,174	-9,411	-----	-9,411
600025	Alaska	-115,316	-131,300	-142,300	-142,300	-137,200	-----	-137,200
600030	Bonneville	-92,900	-128,139	-141,168	-141,168	-141,168	-----	-141,168
600035	Southeastern	-84,881	-88,806	-89,465	-89,465	-89,465	-----	-89,465
600040	Southwestern	-341,836	-284,712	-324,136	-326,636	-326,636	-----	-326,636
600045	Western area	-643,747	-641,687	-706,243	-708,743	-703,880	-----	-703,880
600050	Total, Power Marketing	-5,888	-----	-6,000	-6,000	-----	-----	-----
600055	NUCLEAR WASTE FUND - EMF	-8,141	-----	-----	-----	-----	-----	-----
600057	UNREALIZED DISCOUNT NUCLEAR WASTE DISPOSAL FUND	-----	-----	-----	-----	-----	-----	-----
600060	NUCLEAR WASTE FUND - DEFENSE	-466,193	-525,507	-528,500	-528,500	-538,000	-----	-538,000
600065	NUCLEAR WASTE FUND - OMB FEE	-179,764	-165,700	-178,400	-185,700	-195,300	-----	-195,300
600070	NWF - INTEREST REALIZED	-----	-----	-----	-----	-----	-----	-----
600075	OTHER	-50,378	-58,760	-107,800	-120,249	-266,580	-----	-256,580
600080	FERC	-2,006,929	-1,955,522	-2,204,099	-2,226,258	-2,213,678	-----	-2,213,678
600085	TOTAL RECEIPTS	11,163,454	11,963,154	15,705,143	14,314,245	12,777,614	745,000	13,522,614
600090	TOTAL DOE LESS RECEIPTS							
600092	PROPOSED LEGISLATION							
600095	EFFECT OF PRIVATIZATION RECEIPTS:							
600100	NAVAL PETROLEUM RESERVE	-----	-----	-----	-----	-----	-----	-----
600102	POWER MARKETING ADMINISTRATION	-----	-----	-----	-----	-----	-----	-----
600103	TOTAL, EFFECT OF PRIVATIZATION	-----	-----	-----	-----	-----	-----	-----
600104	EFFECT OF REPAYMENT REFORM	-----	-----	-----	-----	-444,223	-----	-444,223
600105	PROPOSED REVOLVING FUND INTERIOR							
600106	BONNEVILLE POWER ADMINISTRATION	-----	-----	-----	-----	30,000	-----	30,000
600107	WESTERN AREA POWER ADMINISTRATION	-----	-----	-----	-----	40,800	-----	40,800
600108	TOTAL, PROPOSED REVOLVING FUND	-----	-----	-----	-----	70,800	-----	70,800
600109	TOTAL, PROPOSED LEGISLATION	-----	-----	-----	-----	-373,423	-----	-373,423
600110	TOTAL, DOE	11,163,454	11,963,154	15,705,143	14,314,245	12,404,191	745,000	13,149,191

DEPARTMENT OF ENERGY
FY 1990 CONTROL TABLE
(DOLLARS IN THOUSANDS)

A/S CODE	ACCOUNT TITLE	FY 1988 IN FY 90 STR B/A	FY 1989 IN FY 90 STR BA	FY 1990 A/S REQUEST B/A	FY 1990 OMB REQ BA	FY 1990 CONG REQ B/A	CHANGE	FY 1990 REV REQ B/A
20093	ENERGY RESEARCH FAC./ENVIRONMENTAL RESTORATION							
20094	OPERATING EXPENSES	-----	-----	-----	16,750	-----	-----	-----
20095	PLANT AND CAPITAL EQUIPMENT	-----	-----	-----	-----	-----	-----	-----
20096	SUBTOTAL, ENERGY RES. FAC./ENVIRONMENTAL RESTORATION	-----	-----	-----	16,750	-----	-----	-----
50430	LIQUIFIED GASEOUS SPILL TEST FACILITY							
50435	OPERATING EXPENSES	1,000	1,500	1,550	650	1,050	-----	1,050
50440	PLANT AND CAPITAL EQUIPMENT	-----	-----	-----	-----	-----	-----	-----
50445	TOTAL, LIQUIFIED GASEOUS SPILL TEST FACILITY	1,000	1,500	1,550	650	1,050	-----	1,050
999352	IN-HOUSE ENERGY MANAGEMENT							
159002	OPERATING EXPENSES	1,900	2,000	2,020	2,020	2,020	-----	2,020
159003	PLANT AND CAPITAL EQUIP	16,980	17,520	18,080	18,080	18,080	-----	18,080
999353	TOTAL, IN-HOUSE ENERGY MANAGEMENT	18,880	19,520	20,100	20,100	20,100	-----	20,100
153030	STRATEGIC FACILITIES UTILIZATION PROGRAM							
153032	OPERATING EXPENSES	1,775	1,977	2,175	1,977	1,977	-----	1,977
153034	PLANT AND CAPITAL EQUIPMENT	400	198	-----	198	198	-----	198
153036	TOTAL, STRATEGIC FACILITIES UTILIZATION PROGRAM	2,175	2,175	2,175	2,175	2,175	-----	2,175
159006	TECHNICAL INFORMATION & MANAGEMENT PROGRAM							
159007	OPERATING EXPENSES	13,100	13,100	14,295	13,850	13,850	-----	13,850
159008	PLANT AND CAPITAL EQUIPMENT	900	3,400	1,685	1,150	1,150	-----	1,150
159010	TOTAL, TECHNICAL INFORMATION & MANAGEMENT PROGRAM	14,000	16,500	15,980	15,000	15,000	-----	15,000
20105	POLICY AND MANAGEMENT - EE (ESRD)	650	667	685	685	674	-----	674
40107	POLICY AND MANAGEMENT - NE (ESRD)	2,200	2,165	2,665	2,200	2,200	-----	2,200
70335	POLICY AND MANAGEMENT - CE(ESRD)	1,450	1,763	1,763	1,763	1,563	-----	1,563
992089	TOTAL, ENERGY SUPPLY R & D	2,120,852	2,141,606	2,721,768	2,346,565	2,162,276	-----	2,162,276
210028	USE OF UNOBLIG. BALANCES - UE	-104,000	-----	-----	-----	-----	-----	-----
210050	USE OF UNOB BAL - (ESR&D)	-----	-2,055	-----	-----	-----	-----	-----
40400	USE OF PRIOR YEAR BALANCES - (NE)ESRD	-16,000	-----	-----	-----	-----	-----	-----
992090	TOTAL, ENERGY SUPPLY R & D	2,000,852	2,139,551	2,721,768	2,346,565	2,162,276	-----	2,162,276
992091	(OPERATING EXPENSES)	1,660,204	1,826,844	2,376,551	2,020,018	1,859,987	-----	1,859,987
992092	(PLANT AND CAPITAL EQUIPMENT)	340,648	312,707	345,217	326,547	302,289	-----	302,289

DEPARTMENT OF ENERGY
FY 1990 CONTROL TABLE
(DOLLARS IN THOUSANDS)

A/E CODE	ACCOUNT TITLE	FY 1988 IN FY 90 STR B/A	FY 1989 IN FY 90 STR BA	FY 1990 A/S REQUEST B/A	FY 1990 OMB REQ BA	FY 1990 CONG REQ B/A	CHANGE	FY 1990 REV REQ B/A
992500	FOSSIL ENERGY							
50010	COAL							
50015	CONTROL TECHNOLOGY & COAL PREPARATION							
50020	OP. EXP. & CAP. EQUIP.	43,620	48,927	42,793	34,103	32,261	-----	32,261
50025	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50030	TOTAL, CONTROL TECHNOLOGY & COAL PREPARATION	43,620	48,927	42,793	34,103	32,261	-----	32,261
50035	ADV. RESEARCH & TECHNOLOGY DEV							
50040	OP. EXP. & CAP. EQUIP.	24,937	25,564	32,447	25,642	25,543	-----	25,543
50045	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50050	TOTAL, ADV. RESEARCH & TECHNOLOGY DEV	24,937	25,564	32,447	25,642	25,543	-----	25,543
50075	COAL LIQUEFACTION							
50080	OP. EXP. & CAP. EQUIP.	27,129	32,389	24,452	10,284	9,657	-----	9,657
50085	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50090	TOTAL, COAL LIQUEFACTION	27,129	32,389	24,452	10,284	9,657	-----	9,657
50095	COMBUSTION SYSTEMS							
50100	OP. EXP. & CAP. EQUIP.	25,167	26,696	23,870	17,239	15,765	-----	15,765
50105	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50115	TOTAL, COMBUSTION SYSTEMS	25,167	26,696	23,870	17,239	15,765	-----	15,765
50120	FUEL CELLS							
50125	OP. EXP. & CAP. EQUIP.	34,200	26,534	15,470	6,856	6,501	-----	6,501
50130	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50135	TOTAL, FUEL CELLS	34,200	26,534	15,470	6,856	6,501	-----	6,501
50140	HEAT ENGINES AND HEAT RECOVERY							
50145	OP. EXP. & CAP. EQUIP.	17,945	22,832	18,686	9,406	8,919	-----	8,919
50150	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50155	TOTAL, HEAT ENGINES AND HEAT RECOVERY	17,945	22,832	18,686	9,406	8,919	-----	8,919
50160	UNDERGROUND COAL GASIFICATION							
50165	OP. EXP. & CAP. EQUIP.	2,777	1,371	3,689	450	426	-----	426
50170	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50175	TOTAL, UNDERGROUND COAL GASIFICATION	2,777	1,371	3,689	450	426	-----	426

DEPARTMENT OF ENERGY
FY 1990 CONTROL TABLE
(DOLLARS IN THOUSANDS)

A/S CODE	ACCOUNT TITLE	FY 1988 IN FY 90 STR B/A	FY 1989 IN FY 90 STR BA	FY 1990 A/S REQUEST B/A	FY 1990 OMB REQ BA	FY 1990 CONG REQ B/A	CHANGE	FY 1990 REV REQ B/A
50275	PETROLEUM R&D							
50280	ADVANCED PROCESS TECHNOLOGY							
50285	OP. EXP. & CAP. EQUIP.	3,425	4,201	6,500	4,873	4,621	-----	4,621
50290	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50295	TOTAL, ADVANCED PROCESS TECHNOLOGY	3,425	4,201	6,500	4,873	4,621	-----	4,621
50320	ENHANCED OIL RECOVERY							
50325	OP. EXP. & CAP. EQUIP.	16,535	23,583	21,483	21,439	18,243	-----	18,243
50330	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50335	TOTAL, ENHANCED OIL RECOVERY	16,535	23,583	21,483	21,439	18,243	-----	18,243
50340	OIL SHALE							
50345	OP. EXP. & CAP. EQUIP.	9,504	10,530	5,359	1,775	1,683	-----	1,683
50350	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50355	TOTAL, OIL SHALE	9,504	10,530	5,359	1,775	1,683	-----	1,683
50370	SUBTOTAL PETROLEUM	29,464	38,314	33,342	28,087	24,547	-----	24,547

DEPARTMENT OF ENERGY
FY 1990 CONTROL TABLE
(DOLLARS IN THOUSANDS)

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50180	MAGNETOHYDRODYNAMICS							
50185	OP. EXP. & CAP. EQUIP.	35,000	37,000	42,350	-----	-----	-----	-----
50190	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50195	TOTAL, MAGNETOHYDRODYNAMICS	35,000	37,000	42,350	-----	-----	-----	-----
50200	SURFACE COAL GASIFICATION							
50205	OP. EXP. & CAP. EQUIP.	22,993	21,557	19,309	8,214	8,737	-----	8,737
50210	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50215	TOTAL, SURFACE COAL GASIFICATION	22,993	21,557	19,309	8,214	8,737	-----	8,737
50230	SUBTOTAL, COAL	233,768	242,870	223,066	112,194	107,809	-----	107,809
50231	FOSSIL ENERGY ENVIRONMENTAL RESTORATION							
50232	OP. EXP. & CAP. EQUIP.	-----	-----	1,100	1,100	1,043	-----	1,043
50233	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50234	TOTAL, FOSSIL ENERGY ENVIRONMENTAL RESTORATION	-----	-----	1,100	1,100	1,043	-----	1,043
50235	GAS							
50240	UNCONVENTIONAL GAS RECOVERY							
50245	OP. EXP. & CAP. EQUIP.	10,534	11,384	5,009	4,292	4,070	-----	4,070
50250	CONSTRUCTION	-----	-----	-----	-----	-----	-----	-----
50255	TOTAL, UNCONVENTIONAL GAS RECOVERY	10,534	11,384	5,009	4,292	4,070	-----	4,070
50270	SUBTOTAL - GAS	10,534	11,384	5,009	4,292	4,070	-----	4,070

DEPARTMENT OF ENERGY
FY 1990 CONTROL TABLE
(DOLLARS IN THOUSANDS)

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50400	PROGRAM DIRECTION AND MANAGEMENT SUPPORT							
50405	HEADQUARTERS PROGRAM DIRECTION	12,695	16,207	11,512	9,638	9,139	------	9,139
50410	ETC PROGRAM DIRECTION	46,317	50,821	44,783	20,911	16,451	------	16,451
50412	FEDERAL INSPECTOR FOR THE ALASKA GAS PIPELINE	230	249	100	258	249	------	249
50413	TOTAL, PROGRAM DIRECTION & MANAGEMENT SUPPORT	59,242	67,277	56,395	30,807	25,839	------	25,839
50414	PLANT & CAPITAL EQUIPMENT							
50415	CAPITAL EQUIPMENT	48C	50C	499	-----	-----	-----	-----
5042C	CONSTRUCTION	17,75C	21,250	11,225	2,000	1,896	------	1,896
50425	TOTAL, PLANT & CAPITAL EQUIPMENT	18,230	21,750	11,724	2,000	1,896	------	1,896
50426	COOPERATIVE VENTURE R&D POOLS	------	------	10,000	------	------	------	------
50467	TOTAL, FOSSIL ENERGY	351,238	381,595	340,636	178,480	165,204	------	165,204
50471	USE OF UNOBLIGATED BALANCES - FE (FE)	-6,205	-1,000	------	-1,535	-1,630	------	-1,630
50469	FERS REESTIMATE - FE	-----	-----	-----	-----	-----	-----	-----
50470	GENERAL REDUCTION	-----	-----	-----	-----	-----	-----	-----
50485	TRANSFER FROM ENERGY SEC. RES.	-20,894	-----	-----	-----	-----	-----	-----
50508	EMPLOYMENT FLOORS	-----	-----	-----	-----	-----	-----	-----
50510	TOTAL, FOSSIL ENERGY	324,139	380,595	340,636	176,945	163,574	------	163,574
992591	(OP. EXP. & CAP. EQUIP.)	306,389	359,345	329,411	174,945	161,678	------	161,678
992592	(CONSTRUCTION)	17,750	21,250	11,225	2,000	1,896	------	1,896

DEPARTMENT OF ENERGY
FY 1990 CONTROL TABLE
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50455	STRATEGIC PETROLEUM RESERVE							
50456	STRATEGIC PETROLEUM RESERVE	164,162	173,421	197,414	194,999	194,999	-----	194,999
50457	FERS REESTIMATE - SPR	-----	-----	-----	-----	-----	-----	-----
50458	SUBTOTAL, STRATEGIC PETROLEUM RESERVE	164,162	173,421	197,414	194,999	194,999	-----	194,999
994400	STRATEGIC PETROLEUM ACCOUNT							
50462	STRATEGIC PETROLEUM	438,744	242,000	727,582	420,695	126,962	-----	126,962
50461	FY 1990 FINANCING FOR ADV. SPR OIL	-----	-----	-----	91,555	-----	-----	-----
50463	FY 1991 FINANCING FOR ADV. SPR OIL	-----	-----	-----	-91,555	-----	-----	-----
50464	FY 1990 ADVANCE APPROP (NON-ADD)	-----	(91,555)	-----	-----	-----	-----	-----
50465	FY 1991 TO FY 1995 ADVANCE APPROP (NON-ADD)	-----	-----	-----	-----	(37,458)	-----	(37,458)
50466	SUBTOTAL, STRATEGIC PETROLEUM ACCOUNT	438,744	242,000	727,582	420,695	126,962	-----	126,962

DEPARTMENT OF ENERGY
FY 1990 CONTROL TABLE
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993500	NAVAL PETROLEUM AND OIL SHALE RESERVES							
50454	NAVAL PETROLEUM AND OIL SHALE RESERVES.....	177,663	185,071	269,392	213,386	202,124	-----	202,124
50492	USE OF PRIOR YEAR BALANCES,NPR.....	-18,000	-----	-----	-10,000	-10,000	-----	-10,000
50493	FERC REESTIMATE - NPR.....	-----	-----	-----	-----	-----	-----	-----
993590	TOTAL, NAVAL PETROLEUM AND OIL SHALE RESERVES.....	159,663	185,071	269,392	203,386	192,124	-----	192,124
50511	EFFECT OF PRIVATIZATION- NPR.....	-----	-----	-----	-----	-----	-----	-----

DEPARTMENT OF ENERGY
FY 1990 CONTROL TABLE
(DOLLARS IN THOUSANDS)

A/S CODE	ACCOUNT TITLE	FY 1988 IN FY 90 STR B/A	FY 1989 IN FY 90 STR BA	FY 1990 A/S REQUEST B/A	FY 1990 OMB REQ BA	FY 1990 CONG REQ B/A	CHANGE	FY 1990 REV REQ B/A
995200	ECONOMIC REGULATION							
100018	FUELS CONVERSION	585	356	362	362	362	-----	362
100060	COMPLIANCE	13,038	12,511	11,956	11,674	11,674	-----	11,674
100082	NATURAL GAS & ELECTRICITY	2,079	2,265	2,849	2,309	2,309	-----	2,309
100120	PROGRAM ADMINISTRATION	697	712	27,400	761	761	-----	761
100121	FERS REESTIMATE - ERA	-----	-----	-----	-----	-----	-----	-----
100405	OFFICE OF HEARINGS AND APPEALS	5,166	5,528	5,243	5,243	5,243	-----	5,243
100406	FERS REESTIMATE	-----	-----	-----	-----	-----	-----	-----
995290	TOTAL, ECONOMIC REGULATION	21,565	21,372	47,810	20,346	20,346	-----	20,346

SUPPORT SERVICES AT METC

Chairman BYRD. While we are on the subject of employment levels at the Morgantown Energy Technology Center, I understand that this budget includes no funding for support services currently rendered by EG&G and other contractors.

Is it correct that this budget provides no funding for the approximately 300 contractor-provided staff years at METC?

Mr. WAMPLER. The rationale for that, and I must take either total credit or total blame for it because that was the decision I made, which was to do as much in that reduced request as we could to put dollars into research and dollars into existing employees, and if something had to fall it would be the support contractor services.

My priority, first of all, are the employees and, second, some sort of a reasonable research budget, and it certainly would have had a pretty dramatic impact without all the support services and it might have produced some 24-hour days to get the job done, but that was my decision and I thought it was appropriate. I had a final cut at the bottom line dollars that I could shift anywhere I wanted to in the budget, and it was my choice to make those.

Chairman BYRD. Did you have an idea that I would help you restore the money?

Mr. WAMPLER. Mr. Chairman, you have been very helpful for a number of years. [Laughter.]

Chairman BYRD. What kind of support services are we talking about for the record?

Mr. WAMPLER. I can furnish you an extended list of those, but we are talking about in some cases research and in some cases logistical support at the site, the computer services in some cases, but I can give you an inclusive list. I don't have that with me today.

Chairman BYRD. Are we talking about janitorial services?

Mr. WAMPLER. Janitorial and those kinds of things, security.

Chairman BYRD. All right, if you would supply the list.

Mr. WAMPLER. Certainly.

[The information follows:]

SUPPORT SERVICES PERFORMED BY THE ETC CONTRACTORS

The services performed by the ETC support service contractors include:

Information services such as word processing support services, stenographic reporting and typing, travel services, library services, information systems development and operations, program control support, technical writing and editing, and center conference planning services.

Design services such as graphics, and drafting.

Mail service and copy center support.

Material services such as warehousing storeroom operations and management of helium cylinders.

Central computer operations and services, including system operations, maintenance, management, documentation and software development.

Public relations related support, visitor control support, quality assurance, analytical services, instrumentation, environment, safety and health, emergency medical facilities for all center personnel, fire protection systems, procurement and property support, training for federal employees and other administrative support.

Facility operations and maintenance such as repairs/maintenance of buildings and equipment, boiler plant operation, groundskeeping, security services, janitorial services, storage and care of vehicles and equipment and other motor pool activities.

Construction Management support includes design, site planning and A&E services as related to minor construction not included in GPP or Line Item Construction funding.

IMPACT OF REDUCTION OF SUPPORT SERVICES

Chairman BYRD. How would the center maintain security services, who would operate the basic utilities on site and who would operate the technical and scientific services which are essential to the Federal research at METC?

Mr. WAMPLER. They would have to be operated by the 30 percent or so remaining personnel when you look at the combination cut in contractors, and admittedly I would not try to convince you that those would not be very busy folks. They certainly would be extremely busy and it would be a tough chore to do that.

Chairman BYRD. It would be like having the pilots handle the baggage, wouldn't it?

Mr. WAMPLER. You would certainly have to have fewer flights, Mr. Chairman.

Chairman BYRD. Well, this is another example where this fiscal year 1990 budget proposal makes absolutely no sense.

FOSSIL ENERGY BUDGET REQUEST

I want to comment a little further on the administration's fossil energy budget request. This is another budget request that bears no relation to reality, and I'm tired of budget requests that bear no relation to reality.

Frankly, this issue pervades the entire fossil energy budget request. I intend to see or do everything I can to see that the necessary $4 million is available to complete the METC administrative wing. It just doesn't make sense to build one-half of it and have the other one-half stand out there in the snow, the rain, the wind, and the sun and not make use of it. We are not using the $4 million that has already been spent.

I intend to restore the overall fossil energy budget to a reasonable level, one substantially greater than that proposed by the administration. The increased funds will ensure that coal, gas, and petroleum research investments initiated in the past will come to fruition and those investments that must be made in the future to enhance our energy security will be made.

Eliminating funds for research that will strongly influence this country's economic posture, to say nothing of, or perhaps even more importantly to include its defense posture, foreign policy, domestic economic performance, and our environmental goals is not a prudent budget strategy. It is shortsighted and represents poor management of our fiscal resources.

Imports are projected by the Energy Information Administration to increase substantially, by 50 percent, by the year 2000, comprising some 55 percent of our domestic petroleum needs at that time.

The recent oil spill in Alaska from the Exxon Valdez is certain to fuel increased calls for greater environmental restrictions and regulations. Such changes would make the production and delivery of our dwindling domestic petroleum reserves even more difficult and more expensive.

At a time when we have little choice but to turn our plentiful domestic coal reserves to meet our growing energy appetite, others are calling for more stringent clean air legislation. The Bush administration has committed to proposing such legislation within the next few weeks or months.

I am for a cleaner environment, but at a reasonable cost. I think we have to avoid a collision course which involves our energy on one side and jobs, national security, and environment on the other, and it seems to me there can be a way and clean coal technology is a good centerpiece for that effort.

So we will have to depend more and more on our domestic coal and we will have to find cleaner and more efficient ways to use it. But, at the very time that we need to be doing more coal research, at the very time that President Bush is about to recommend tougher restrictions on coal-fired plant emissions, this administration has submitted a budget that slashes funding for fossil energy research and development by 57 percent. That is simply not logical.

There will be future generations to inherit this country. It is our responsibility to spend our money efficiently today to develop technologies that hold the promise of being effective at a reasonable cost for those generations.

With its hands-off approach the administration has essentially abdicated control of the Fossil Energy Research and Development Program, abdicated it to the Congress, and I don't shy away from assuming that responsibility, but I continue to be concerned about the harm that the administration's budgetary proposals have on the effective conduct of your long-term R&D projects.

It must be difficult for Federal and industrial project managers alike and for you and your staff to conduct a sensible technology development program in the stop-start, stop-start, stop-start budgetary climate caused by the administration's illogical budget proposals.

I urge the administration to reconsider its priorities when it puts together the fiscal year 1991 fossil energy R&D budget. Funding in the range of $350 to $400 million will keep coming for fossil energy research I assume given the record of Congress over the last 8 years. The administration could best serve the country by assuming a leadership position with regard to research on our fossil energy production, use, and conservation.

Now I know that you do the best you can, and you're one of the more able people who appear before this subcommittee, and I also feel that Secretary Watkins is realistic about these things. I have talked with him and am impressed by him.

I hope, Mr. Wampler, that you will carry this message back to the Secretary and to the President, and if you see Mr. Darman on the way stop him and tell him. [Laughter.]

That's no reflection on Mr. Darman's capability and expertise, I'm very, very much impressed by Mr. Darman, but it's penny-wise and pound-foolish, the direction in which the administration is going in this area.

BUDGET PRIORITIES

I understand that your original fiscal year 1990 budget request for fossil energy research and development totalled $340,636,000 when it was submitted to the Secretary. So you must have some research priorities which are not included in the President's request that we are considering this morning.

Now did you say that you would provide that list in discrete projects or increments of projects in your order of priority?

Mr. WAMPLER. We will certainly provide you a list, Mr. Chairman.

COAL GASIFICATION

Chairman BYRD. Now let's turn to a discussion of your specific research activities and a review of the research progress and potential as well as funding requirements. Coal gasification.

The Congress provided approximately $6.9 million for mild gasification research in fiscal year 1989. This funding provided for the initiation of four major contracts in this area.

What is the status of these four contracts?

Mr. WAMPLER. Mr. Chairman, all the projects have progressed to phase III, which is the facilities design phase of the project. In the UGCRC project, which is a project that is made up of United Coal, Foster Wheeler, Solar Turbine, and Southwest Research Institute and Fuel and Mineral Resources, the design should be complete by September 1989 and the project completion is forecast by September 1990.

For the Institute of Gas Technology project, the completion forecast is also September 1990.

The UNDEMRC project, which is made up of Amax, UNDEMRC, and J.E. Sinor, the design on that one was completed in February.

For the WRI project, the design was completed in November 1988.

So they all have close to the same projected completion dates and are about at the same stages right now of project completion.

Chairman BYRD. Does this research continue to hold promise for adding value to both eastern and western coals?

Mr. WAMPLER. Research holds a great deal of promise. I think that, as for mild gasification, I have described it before as the lock step between where we are now and synthetic fuels where we certainly will have to go at some point in time. The economics on these projects look very good even in today's dollars. So they are very exciting projects.

Chairman BYRD. What is the fiscal year 1990 funding requirement to keep all four contracts on schedule, including scale-up studies where appropriate?

Mr. WAMPLER. For the overall program, $4.9 million, Mr. Chairman.

Chairman BYRD. Is that the funding requirement to keep all four contracts on schedule?

Mr. WAMPLER. That was our budget request, and it's my understanding that is sufficient.

Chairman BYRD. Including the scale-up study?

Mr. WAMPLER. Not in terms of the scale-up. I don't have that number, Mr. Chairman. I would be glad to furnish it to you for the record.

Chairman BYRD. That's the first time you've struck out. [Laughter.]

[The information follows:]

MILD GASIFICATION

Currently, there are four contractors being funded in the advanced continuous mild gasification process development activities under the Surface Coal Gasification Coproducts program. Of the $4.9M requested for the Coproducts program in the fiscal year 1990 Budget Request, $2.8M is associated with the existing four advanced continuous mild gasification process development efforts. The $2.8M is sufficient to permit all four contractors to complete the originally contracted scope of work (Phase 1, 2, and 3). However, the current contracts and funding levels do not provide for any scale up of the current experimental units. Only one contractor is currently working at a proof-of-concept scale (one ton per hour) and this work is fully funded under the fiscal year 1990 budget request. An additional $13.6M would be required to scale up two additional contractors and $16.6M above the fiscal year 1990 request would be needed to scale up all three of the remaining contractors and thereby have all four operating at the one ton per hour scale.

MILD GASIFICATION FUNDING

Chairman BYRD. Why does the budget propose to fund this research at only $2,786,000?

Mr. WAMPLER. It would be a reduction in the number of contractors.

[Mr. Wampler confers with his staff.]

I have struck out, Mr. Chairman. Could Mr. Siegel answer that one.

Chairman BYRD. Well, you are entitled to one strike-out. You've done very well.

Mr. SIEGEL. It's my understanding that the $2.786 million that we requested for those four projects is ample funding to meet the contractual commitments of those four contracts.

Chairman BYRD. Even though you said $4 million is needed?

Mr. SIEGEL. Only to do the current contracts that we have and not to do the ramp-ups in the larger scale.

Mr. WAMPLER. That will be one of the items on our priority list, to ramp those contracts up to finish those projects that do show a great deal of promise.

Chairman BYRD. Then what would not be done under the lower funding level proposed for mild gasification?

Mr. WAMPLER. It would simply be done slower. The projects would be stretched out.

Chairman BYRD. Which projects would be stretched out?

Mr. WAMPLER. All the mild gasification projects.

Chairman BYRD. How much of a stretch-out are we talking about?

Mr. WAMPLER. I think we can compress the time. The money that we propose does not include scale-up. The compression that we are looking at could possibly buy us 1 or 2 years is my understanding, in the project being commercialized or completed.

Chairman BYRD. Well, if this research holds promise for adding value to both eastern and western coal, aren't we again being penny-wise and pound-foolish?

Mr. WAMPLER. If there are funds, Mr. Chairman, available, this is a very good use to put them to.

Chairman BYRD. After we have built that wing over at METC. [Laughter.]

Mr. WAMPLER. Yes, sir.

HOT GAS CLEANUP

Chairman BYRD. Hot gas cleanup, as we have discussed in previous hearings, is an area which offers great promise in terms of efficiency improvements in power production systems. This work is principally oriented toward utility power systems.

How much is included in the budget to continue the Texaco high temperature in-situ cleanup research project?

Mr. WAMPLER. Mr. Chairman, our problem seems to be that our books are too large, and I apologize.

[Pause.]

Mr. Chairman, I don't think we have the numbers with us.

[Mr. Estes points out a section in the book to Mr. Wampler.]

Chairman BYRD. I think he's entitled to a raise. [Laughter.]

It's $450,000, isn't it?

Mr. WAMPLER. Mr. Chairman, I don't know. I suspect you are absolutely correct.

[Pause.]

Yes, that is correct, Mr. Chairman. I'm sorry.

Chairman BYRD. What is correct?

Mr. WAMPLER. The $450,000.

Chairman BYRD. How much is needed to continue this research at the originally planned level for fiscal year 1990?

Mr. WAMPLER. Mr. Chairman, that is in the document we will give you on the Holifield table. That amount will be in there. I don't have it where I can lay my hands on it right now and evidently none of the staff does either.

Chairman BYRD. Do you know what the project would be capable of using?

Tell him what it is.

Mr. ESTES. It is $2.8 million.

Mr. WAMPLER. Charlie tells me $2.8 million, Mr. Chairman. [Laughter.]

[The information follows:]

TEXACO PROJECT

The fiscal year 1989 President's budget presently has funding level of $450,000. An additional $2,360,000 would be required in fiscal year 1990 to keep this project on schedule.

FIXED-BED RESEARCH GASIFIER AT METC

Chairman BYRD. For the current fiscal year, $1.4 million was made available to initiate construction on a 16-inch fixed-bed research gasifier at the Morgantown Energy Technology Center.

Has construction begun on this new gasifier?

Mr. WAMPLER. The engineering I understand, Mr. Chairman, has started and construction is going to start.

Chairman BYRD. It is my understanding that approximately $850,000 is needed to continue this construction in fiscal year 1990. Why have no funds been requested in the budget for this purpose?

Mr. WAMPLER. Mr. Chairman, it's not that the project is not a worthwhile project, but it's just for the general reason that with the fairly substantial cut we have taken in the budget, it was just not high enough on the priority list to make it into our cut. The listing that we will give you will show where that project ranks on that priority list.

Chairman BYRD. How will you complete the construction of the new gasifier without funds in your budget?

Mr. WAMPLER. Well, we obviously could not, Mr. Chairman, if funds are not in the budget. We would have to delay construction until later.

Chairman BYRD. Wouldn't it be a waste of the previous appropriation if the project were not completed?

Mr. WAMPLER. If the funds are not at some point in time made available, yes, sir; it would be.

HEAT ENGINES

Chairman BYRD. As to heat engines, the Department presently has three coal-fired turbine engine research projects under contract. These projects have the potential to expand coal markets in the railroad and industrial sectors. So this is important research.

Are you making satisfactory progress on these three projects?

Mr. WAMPLER. Well, the three contractors that we have are, of course, Allison, Westinghouse, and Solar Turbines. We had another, GE, that dropped out because the combination of technology that they were pursuing and the market applications that they saw didn't seem to them to be sufficient to proceed.

We are planning in fiscal year 1990 to continue with one contractor because of funding. It's simply that. If we had sufficient funds, we would proceed with those contractors. We are making progress in this program. The program, however, was built in with some good milestones. I think they allow us to evaluate, at almost any point in time, on an annual basis, whether we should go from three contractors to one contractor or to two or whatever. So we feel pretty confident with our milestones, even if there are no more funds available, and if funds are available, we will not cut.

Chairman BYRD. Do the three contracts represent different applications of turbine technology for different markets?

Mr. WAMPLER. They do represent different applications, Mr. Chairman.

Chairman BYRD. What different markets are we talking about?

Mr. WAMPLER. I'm going to let Jack Siegel answer that.

Mr. SIEGEL. The Heat Engines Program is addressing railroad locomotives, industrial cogeneration, and there is some work in utility electric power production.

Chairman BYRD. Are you talking about small-scale industrial and cogeneration applications?

Mr. WAMPLER. Yes; there is some small-scale.

Chairman BYRD. Then if you are making good progress and the three projects are intended for different applications, what is the

rationale for reducing the project funding by nearly 60 percent in this budget, with the intent of proceeding with only one contractor doing the proof-of-concept phase?

Mr. WAMPLER. Right now, Mr. Chairman, it's simply a reduced R&D budget. If we had sufficient funds, we would continue the contracts for the different applications in end-use markets.

Chairman BYRD. If two projects are dropped, won't much of the $50 million already invested in the coal- fired turbine program be lost?

Mr. WAMPLER. Well, we would hope that the private sector would continue with some of the work. We also have learned some important things, as you always do in research and development. Certainly, again, if we had available funds, we would continue with the three concepts.

Chairman BYRD. How much money would be required to continue all three coal-fired turbine contractors in fiscal year 1990?

Mr. WAMPLER. It is $7.9 million.

Chairman BYRD. In the heat engine program the Department has been pursuing two——

Was there something that you had to say?

Mr. WALSH. Pardon me?

Chairman BYRD. Were you smiling or wanting to talk?

Mr. WALSH. No; Charlie was saying something. Excuse me.

Chairman BYRD. Don't you try and hire Charlie away from here. [Laughter.]

Mr. WALSH. I won't. He used to work with me a long time ago.

COAL-FIRED DIESEL LOCOMOTIVE PROJECTS

Chairman BYRD. In the heat engine program the Department has been pursuing two coal-fired diesel locomotive projects.

Have there been any major failures in this program that doom any chances for successfully developing these two engines?

Mr. WAMPLER. No; there have not been any major failures. There are three projects that we're pursuing if you count cogeneration projects, Mr. Chairman, and there have not been major failures.

Chairman BYRD. Then why has the Department slashed the funding level from approximately $7.4 million in the current year to $1,565,000 in fiscal year 1990?

Mr. WAMPLER. Mr. Chairman, for the same reason we have in the gas turbines area, simply budget constraints.

Chairman BYRD. How much is required to fully fund these projects in fiscal year 1990?

Mr. WAMPLER. It's around $8.2 million, Mr. Chairman.

FUEL CELLS

Chairman BYRD. Fuel Cells. The fiscal year 1989 budget included $9.5 million for utility scale phosphoric acid fuel cell power systems. I note that no funding is requested in the budget for this technology.

How does the potential for phosphoric acid fuel cell systems compare to that for molten carbonate fuel cell systems?

Mr. WAMPLER. We think, Mr. Chairman, that phosphoric acid fuel cells are essentially commercialized. There have been commer-

cial offerings of these cells and some have actually been sold. There are a couple of processes out there that are variations of phosphoric acid fuel cells. It's difficult for us to not say that they are not commercialized, and they should be handled by the private sector. I think the Government's role is probably at an end in phosphoric acid.

In molten carbonate and some of the more advanced fuel cells, there certainly is a role for the Government to play. We are concentrating in the budget on molten carbonate, but the reason we are not concentrating on some of the others is simply again the availability of funds. We think that molten carbonate should be aggressively developed and that's the program we intend to pursue.

Chairman BYRD. Would there be any purpose served in adding more funds for phosphoric acid fuel cell development in the fiscal year 1990 budget?

Mr. WAMPLER. I don't think so, Mr. Chairman. We have some available funds that we're using, and I think phosphoric acid is at the point now that we have to consider it to be commercialized.

MOLTEN CARBONATE FUEL CELLS

Chairman BYRD. The Department has required that all three ongoing molten carbonate fuel cell projects be capable of operating on gasified coal. What is the advantage of such a system?

Mr. WAMPLER. Well, the primary advantage of molten carbonate is that it offers a potential for extremely high efficiency of the powerplant, 50 to 60 percent projected efficiency gains. These gains are both economical to get and they are very environmentally attractive. These kinds of powerplants can be utilized in electric utility generation as well as industrial generation, and they provide the advantage of modularity in some applications.

It's anticipated that the competitive coal gasifier/molten carbonate fuel cell powerplant will also be capable of producing power from gas when coal is not available or when the gasifier is not operational.

The Electric Power Research Institute and the Gas Research Institute are addressing these areas, and we have participation agreements with both of them. But the major reason is that they can be extremely attractive when you're looking at higher efficiency in powerplants, the larger applications.

Chairman BYRD. The fiscal year 1990 budget includes only $3,231,000 for molten carbonate fuel cells.

What is the fiscal year 1990 cost to award a PRDA to continue all three coal-fueled molten carbonate fuel cell projects?

Mr. WAMPLER. To continue all three could require somewhere in the range of $25 to $40 million per year for up to about 3 years. You had mentioned a PRDA in your last congressional report. We would anticipate that is going to be released around August 1, with award in 1990. That will focus on just issues that we have to resolve before we can commercialize this technology, and we are making estimates within the Department that to fund a single award under the program would be $10 million. Thus to approach all three of them could approach $30 million and perhaps a little bit more, but I would say $30 million is a good average.

Chairman BYRD. So you're talking about a little over $8 million a year?

Mr. WAMPLER. Around that area, $8 to $10 million a year, yes, sir; per contract.

ADVANCED CONCEPTS

Chairman BYRD. On page 6 of your prepared statement, you indicate that for the most part the technologies supported by this budget are longer range and higher risk which industry cannot be expected to finance on its own. But I note that there is no money in the budget request to continue the advanced concepts fuel cell PRDA which was initiated last year.

Why is no funding requested to continue advanced concepts, such as the monolithic fuel cell project?

Mr. WAMPLER. Again, there can be certainly a case made for continuing that. It's at a very, very early stage of development. We felt it was better if we went ahead with the molten carbonate which can still be at the point. You cannot merely consider it to be commercial concentrated on that one if that's all the funding we had and if we had additional funding to get involved in these advanced concept fuel cells. But if we have to concentrate on one, I think that the molten carbonate is the one to concentrate on.

Chairman BYRD. Is it not promising research?

Mr. WAMPLER. Oh, it is promising research. The monolithic, for example, is at a very early stage of advancement, but it shows some power densities which can be compatible with many transportation applications. So a lot of these do show a good deal of promise.

Chairman BYRD. Is there some certainty that the private sector will proceed with the development of these advanced concepts quickly independent of Federal cost sharing?

Mr. WAMPLER. I think in phosphoric acid you can make the case that they will. I think with molten carbonate and the more advanced technologies, I would doubt it without some Government role. I think the Government has a clear role in both of these areas.

Chairman BYRD. How much would be required to fully fund the advanced concepts fuel cell PRDA in fiscal year 1990?

Mr. WAMPLER. About $3 million to fund the newer concept for the year.

Chairman BYRD. $3 million?

Mr. WAMPLER. Yes, sir.

Chairman BYRD. Again under the advanced concepts subprogram there is a request for $1,536,000 to continue the development of a coal-based tubular solid oxide fuel cell at a reduced level. The term "reduced level" is an understatement. The budget for this project has been slashed to only 22 percent of the current funding level.

Is there some major one-time task in this research program that accounts for the higher level of required funding in fiscal year 1989?

Mr. WAMPLER. I'm not aware of it, Mr. Chairman.

Chairman BYRD. Well, is there some programmatic reason for slowing down the research pace for this project?

Mr. WAMPLER. Well, slowing down the research pace again is based on budgetary constraints and not on any programmatic kind of decision.

Chairman BYRD. So this is another example of overall budget reductions driving the research programs into the ground?

Mr. WAMPLER. This is another example of the effect that overall budget cuts would have on these programs and decisions you have to make on which ones you concentrate your dollars, yes, sir.

PROJECTIONS FOR NATURAL GAS USAGE

Chairman BYRD. I noted in my opening remarks for this hearing that we would do well to rely most heavily on our plentiful coal reserves for electric power generation, and we should use our natural gas reserves in other sectors where gas can more readily displace imported oil.

What are the Department's projections for natural gas use by utilities in the year 2000, and how do they compare with present gas usage?

Mr. WAMPLER. Well, if you compare coal and gas sales to utilities, EIA is projecting coal sales to grow from 750 million short tons in 1988 to about 937 million short tons by 2000, but at the same time the market share would be decreased about 5 percent. Natural gas grows from about 2.83 trillion cubic feet to 5.6 trillion cubic feet in that same period, and the growing share in utilities is from 10 to 16 percent. So it's about a match.

This is produced primarily by the fact that we have independent power producers, cogenerators that we see coming on line with the commitment from the electric utility industry to combined cycle powerplants with new purchases they have to make to meet a growing demand.

I think everybody guesses that that situation is nothing but a short-term situation. That kind of growth will slow down and coal's ultimate role will increase, but I think that we all realize that we have to get these technologies that we're looking at, both in clean coal and our R&D projects, on line in order to have some impact on this.

I think we clearly need to look at coal as a displacement for imported oil. We also need to start taking a harder look at the use of natural gas for transportation liquids because it is clearly the cheapest, with today's technology to convert gas to transportation liquids.

DISPLACEMENT OF FOREIGN OIL IMPORTS

Some of the things that we are looking at in the Department to address this problem and make sure that we can environmentally use coal to meet the increase in growth after this period that we see ending in about 10 years, are the super-clean coal water slurries that can directly replace imported oil in the same burner.

We're looking at, as we have mentioned in front of this committee before, the small combustor and small fluidized bed programs and industrial and perhaps residential applications for coal that we haven't seen for years. The fuel cell program is another example of the kinds of things that we're doing. Liquefaction, mild gasifica-

tion, and all the ones we have gone through today, the direct coal-fired turbine and the coal-fired diesel; all of these are very important to make sure we have a situation 10 years from now or 15 years from now that we can utilize coal to its maximum extent. So those are the kinds of areas that we're looking at.

AVAILABILITY OF LOW-COST NATURAL GAS

Chairman BYRD. Is there a large amount of low-cost gas presently available?

Mr. WAMPLER. Well, there is a large amount of low-cost gas available. If you look at the BTU differential in coal and natural gas, natural gas is certainly not as cheap as coal generally. So natural gas is more expensive.

Chairman BYRD. Are there other uses for the gas? For example, couldn't we use more gas in our transportation sector?

Mr. WAMPLER. Oh, I think there is no doubt that natural gas will be the first nonliquid fuel to penetrate the transportation market.

BARRIERS TO NATURAL GAS UTILIZATION

Chairman BYRD. What barriers are there?

Mr. WAMPLER. I think there are probably two. One barrier we have is not having the infrastructure in place to use these on a widespread basis. Also, I think you still have some cost factors. However, the cost factors are not as great as converting coal at this point to methanol, but I think those uses are certainly going to increase and come around. I think they have to.

Chairman BYRD. You're not generally responsible for the development of natural gas utilization technologies other than fuel cells, but is there not more that could be done by the Department, especially in energy conservation to sponsor new nonutility uses for natural gas?

Mr. WAMPLER. Well, I think there is no question about that. I think that's an issue that has been looked at and will be looked at in much more detail this year. I think there clearly is a role for the Department of Energy in general to look at these issues and perhaps promote some new applications for all of the fuels, including natural gas.

Chairman BYRD. Would you provide for the record a table that shows by project the Departmentwide funding in fiscal years 1988 and 1989, as well as the fiscal year 1990 request for natural gas utilization technologies?

Mr. WAMPLER. Certainly I will, Mr. Chairman.

NATURAL GAS UTILIZATION TECHNOLOGIES

[In thousands of dollars]

Program/project	Fiscal year—		
	1988	1989	1990
Conservation:			
Buildings and community systems:			
Absorption technology heat pumps	2,948	3,300	1,600

NATURAL GAS UTILIZATION TECHNOLOGIES—Continued

[In thousands of dollars]

Program/project	Fiscal year—		
	1988	1989	1990
Stirling engine heat pumps	1,600	1,700	300
Subtotal	4,548	5,000	1,900
Industrial energy conservation:			
Application of ceramics to stationary gas turbines for cogeneration	175		300
Oxygen enriched combustion for glass furnaces	230	167	
Subtotal	405	167	300
Multisector:			
Energy-related inventions program gas-fired, forced-air high efficiency furnace		80	
Modular apparatus for laundry dryer heat recovery		72	
Subtotal		152	
Transportation:			
Heavy duty engine emissions data base	155		
Analysis of compressed natural gas for flexible fuel market	50	22	
Alternative fuel heavy duty engine technology assessment		30	
Subtotal	205	52	
Subtotal, conservation	5,158	5,371	2,200
Fossil:			
Unconventional gas recovery gas to liquids	712	1,214	350
Coal liquefaction:			
Advanced research catalysts (C1 chemistry)	500	300	
Indirect liquefaction methane conversion	789	884	700
Subtotal	1,289	1,184	700
Advanced extraction and process technology: Arctic and offshore research utilization of Alaskan natural gas		183	
Subtotal, fossil	2,001	2,581	1,050
Total, Department of Energy	7,159	7,952	3,250

TRANSPORTATION FUELS STUDY

Chairman BYRD. We should encourage the development of technologies that reduce our dependence on foreign oil. I believe that more can be done with our natural gas resources toward this objective. But we shouldn't be wasting our precious gas resources on backing coal out of the utility sector. Coal is not the villain, imported oil is.

The Senate report accompanying the fiscal year 1989 Interior and Related Agencies Appropriation Bill requested the Department to submit a 5-year strategy and program plan for meeting the needs of the transportation sector with fuels based on plentiful domestic resources such as coal.

Is it my understanding that a preliminary study has been completed but that you are not satisfied with its quality or conclusions.

Is that correct?

Mr. WAMPLER. That's correct, Mr. Chairman. We completed a preliminary study, but it became very clear to us that, in order to do justice to what we felt was an incredibly important issue, we needed outside experts. So as a consequence we signed a contract

with the National Academy of Sciences in November of last year to pull together a team of nationally recognized experts to participate in this study, and the National Academy of Sciences is, of course, a very prestigious organization we feel can do justice to this, but they are not amenable to doing studies on a crash basis. So we have been forced to fit into their schedule. I think their schedule is very appropriate for what they plan to do. We should have a final report at the end of September.

But I think for the first time we will have a report that takes all of the possible fuel sources and the possible conversions and puts them on a common economic scale because in the past we have never had prices on some of these price projections based on common economics. I think we will have that for the first time and it will be a very important study. It will be peer reviewed, it will be fully quotable, and I'm told by the National Academy of Sciences, this is on a crash schedule basis to get it done by September.

I think, with your permission, we would prefer to give you a product like that instead of something internal that we're not comfortable with.

Chairman BYRD. What advantages would result from including the Academy?

Mr. WAMPLER. I think that you are going to get a state-of-the-art, best kind of thoughts on this thing by the leading experts in the country that we just simply don't have access to. They will have a whole panel of nationally recognized experts. I think the report will be very definitive, and once it's peer reviewed and produced, I think it will become sort of the bible for these things, and I look forward to a very, very good report.

Chairman BYRD. Then with an extension you could complete it by the end of the calendar year?

Mr. WAMPLER. Yes; we judge we can complete it by the end of the fiscal year, by the end of September. We also can start giving the committee information probably in June or July based on interim information, if we need it for whatever purpose.

CONGRESSMAN SHARP'S HEARING

Chairman BYRD. Is it correct that some of the clean coal I projects have not yet completed negotiations with the Department, even though, in most cases, they were selected as much as 18 months ago?

Mr. WAMPLER. There is one clean coal I project, Foster Wheeler, that has not yet completed negotiation and has been in fact-finding/negotiation status for that length of time. The remaining three projects in fact-finding/negotiation were selected December 9, 1988, when the Minnesota/COREX project was deselected.

Chairman BYRD. How much more time will the Department give these projects to complete their negotiations with the Government?

Mr. WAMPLER. A decision on Foster Wheeler will be made by June 30, 1989, as to whether to proceed further. We expect to complete negotiations on the remaining three, selected December 9, 1988, by the fall of this year.

EMPLOYMENT FLOORS

Chairman BYRD. Please supply, for the record, the total severance costs associated with the proposed reduction of 145 FTE's in fossil R&D.

Mr. WAMPLER. It is difficult at best to provide an estimate of severance costs because of the many potential variables. However, given the following assumptions, it is estimated that the severance costs could be about $3 to $4 million.

Assuming all employees eligible for retirement or for early out will retire if the opportunity exists, approximately 50 percent of the 145 FTE's (73 employees) will be placed through attrition, retirement, or early out approval.

Severance pay is estimated using the following formula: 72 employees separated with average salary computed at the fifth step of grade 13, average length of service equalling 20 years, and average age of 45 years. It should be noted that without actually conducting a RIF—identifying actual positions and employees ultimately impacted after employee placement rights are exercised—it is impossible to calculate the exact amount of severance pay the agency would incur.

Lump sum annual leave payment is estimated at 240 hours for each RIF position.

Unemployment compensation is estimated at $175/week for 26 weeks for each RIF position.

Chairman BYRD. Are you getting hungry?

Mr. WAMPLER. A bit, Mr. Chairman. [Laughter.]

Chairman BYRD. All right. This concludes our questions.

Thank you, as always, for your excellent testimony.

ADDITIONAL COMMITTEE QUESTIONS

The subcommittee will have additional questions which we will submit for your written response for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Clean Coal 1 & 2 - Specific Projects

Question: I would like now to review each of the specific projects which have been selected under your first two Clean Coal Technology solicitations. What technologies are represented by these approved projects?

Answer: The technologies represented include: advanced combustion, coal processing/preparation/upgrading, flue gas cleanup, fluidized-bed combustion, industrial processes, integrated gasification combined cycle, coal/oil coprocessing, and underground coal gasificiation. The projects are categorized as follows:

Advanced Combustion

- Coal Tech - Advanced Cyclone Combustor
- TRW - Advanced Coal Combustor
- TransAlta Resources Investment Corp. - Slagging Combustor

Coal Processing/Preparation/Upgrading

- Combustion Engineering, Inc. - Clean Coal Combustion Testing
- Western Energy Company - Advanced Coal Cleaning Demonstration Project
- Otisca Industries, Ltd. - Selective Agglomeration Preparation of Coal Water Slurry Fuel
- United Coal Company - Coal Waste Recovery Advanced Technology Demonstration

Flue Gas Cleanup

- Energy and Environmental Research - Gas Reburn Sorbent Injection
- Babcock & Wilcox - Limestone Injection Multistage Burner (LIMB)
- Combustion Engineering, Inc. - Catalytic Reduction of SO_2 and NO_x; no solid wastes produced
- Babcock & Wilcox Company - Single Stage Removal of SO_x, NO_x and Particulates
- Southern Company Services, Inc. - Advanced Processes for NO_x Control; Advanced Overfire Air; Second Generation NO_x Burner; Advanced Tangential Firing System
- Southern Company Services, Inc. - Advanced Process for NO_x Control; Advanced Overfire Air; Second Generation NO_x Burner; Wall-Fired System
- Southern Company Services, Inc. - SO_2 Removal with Advanced Flue Gas Desulfurization System (i.e., Chiyoda CT-121)
- The Babcock & Wilcox Company - Reburning Using Coal; NO_x Control
- Combustion Engineering, Inc. - Optimized Application of Dry Sorbent In-duct Injection for SO_2 Control; In-duct Spray Drying and Convection Pass Injection
- Southern Company Services, Inc. - Advanced Wet Limestone; Unique Absorber Design Combining Desulfurization, Forced Oxidation, and Gypsum Crystallization; SO_2 Control
- Pure Air - Advanced Wet Limestone; Single Absorber Module With No Spare; High Velocity Cocurrent Absorber; Profitable "Sulfur Disposal Service;" SO_2 Control

Fluidized-Bed Combustion

- o American Electric Power Service Corporation - Pressurized Fluid-Bed Combustion (Tidd Project)
- o Colorado Ute Electric Association - Atmospheric Circulating Fluid-Bed Combustion
- o Southwestern Public Service Co. - Atmospheric Circulating Fluid-Bed Combustion
- o American Electric Power Service Corporation - Pressurized Bubbling Fluid-Bed (Sporn Project)

Industrial Processes

- o Passamaquoddy Tribe - Recovery Scrubber for Cement Kiln; Generates No Solid Waste and Uses Waste from Cement Kiln
- o Bethlehem Steel Corporation - Gas Stream Cleanup of Coke Over Gas in a Steel Plant, Generates no Solid Waste

Integrated Gasification Combined Cycle

- o M.W. Kellogg Co. - Integrated Coal Gasification Combined Cycle Power Generation
- o Combustion Engineering Inc. - Air Blown Dry Feed Entrained Flow Gasifier with an Advanced Coal Feeder and Limestone Injection, Moving Bed Hot Gas Cleanup Integrated with Gas and Steam Turbines
- o Foster Wheeler Power Systems - U-Gas Process (Fluidized- bed Gasifier) with Hot Gas Cleanup Will Be Used To Repower A Cogeneration Facility

Coal/Oil Coprocessing

- o Ohio Ontario Clean Fuels - Coal Oil Coprocessing

Underground Coal Gasification

- o Energy International - Underground Coal Gasification

Question: What important Clean Coal technologies are not represented in this group of approved projects?

Answer: Important Clean Coal technologies that are not represented in the group of projects selected under the first two Clean Coal Technology solicitations include alternative fuels, heat engines, fuel cells and magnetohydrodynamics. In addition, it should be noted that demonstrations are needed for a number of promising variations of the technologies already represented by projects selected for the program.

Question: Do you have any IGCC projects still under consideration?

Answer: Yes, three are still under consideration: the M.W. Kellogg and Foster Wheeler projects under CCT-1; and the Combustion Engineering project under CCT-2.

Question: These projects have been under consideration by DOE for some time. What is the likelihood that they will be constructed?

Answer: The prospects of proceeding at least with one of the

CCT-1 IGCC projects and the single IGCC project in CCT-2 appear very attractive.

Recently, a new site was approved and a new participant was added to the Foster Wheeler project. This provides matching funding, a host site, markets for the projects (utility power purchase agreement and industrial steam purchase agreement) and greatly improves the possibility of successfully negotiating this project.

The Kellogg project is near completion of preliminary design activities. However, it is in need of a new site and financial support for a rescoped project.

The Combustion Engineering project has the financing for initiating project activities and good prospects for obtaining the total financing by completion of preliminary engineering.

Question: How many Clean Coal projects are still under negotiation with DOE?

Answer: Twenty projects are still in negotiation, sixteen of which were selected under the second solicitation on September 28, 1988.

Question: What are the impediments to completing agreements on these pending projects?

Answer: There are a number of requirements that must be satisfied before DOE can complete negotiations and enter into a Cooperative Agreement with the Participant. Those areas that can occur as an impediment to rapidly completing this negotiation process include:

- o The Participant securing his cost share of project financing.
- o Resolution of Patent and Data Rights among the Participant, his major subcontractors and DOE.
- o Agreement between the Participant and DOE on project definition and costs.
- o Completion of project teaming and host site agreements.
- o Accommodation of the National Environmental Policy Act (NEPA) and the associated development and analysis of site specific data.

Furthermore, there has been a recent development related to an EPA decision on a utility which undertook plant repair and was, as a result, subjected to New Source Performance Standards and Prevention of Significant Deterioration reviews and consequent emission limits. This action taken against the Wisconsin Electric Power Company (WEPCO) has had wide ranging impacts on the utilities in general and CCT projects specifically. By undertaking plant modifications to demonstrate CCT's, the WEPCO decision could leave a utility open to NSPS and PSD reviews and may take away the option for that utility to return to the original operating mode (despite the fact that CCT's may strictly be demonstration units, i.e., not commercial).

Notwithstanding the impediments discussed above, negotiations on

the sixteen CCT-2 projects are proceeding satisfactorily. Only two projects are two months or more behind the originally agreed to pre-award milestone schedules. Most negotiations for CCT-2 will be completed this fall.

Four projects from CCT-1 remain in fact-finding/negotiation. Three of these were selected from the alternate projects list in December of 1988 when the Minnesota/Corex project was deselected. Fact finding has been initiated and is proceeding on a schedule which would have negotiations completed this fall.

The Foster Wheeler project was selected from the alternate projects list in October 1987. Initially there were significant impediments in that this project was no longer viable at the proposed host site due to changes in the market. However recently a new site was approved and a new participant was added to the project. This provided matching funding, a host site and markets for the products which removes the impediments of the past and sets the ground work for successfully negotiating this project by this fall.

PRDAs

Question: Provide for the record the following information for all PRDAs now in progress, or PRDAs for which Congress has appropriated funds that have not yet been obligated:

-- Identify the technology area;
-- Identify which specific research and development approaches being pursued by which contractors (if known);
-- A milestone chart showing the work plan for each contractor;
-- Appropriation to date, and how this money has been used by research team;
-- Remaining cost, by year, to complete each contract with all existing teams;
-- Remaining cost to complete work under the PRDA with logical contractor terminations at reasonable decision points in the program (this is not intended to mirror the budget request). Identify all recommended contractor terminations, when they would occur, and the programmatic reason that would enable a de-selection at that point.

Answer: Listed below are the FY 1989 Fossil Energy Program Research and Development Announcements (PRDAs) and any resulting contracts currently in progress with the requested details as applicable.

PRDAs

1. TITLE: Novel Concepts for Bulk Separation of Gases in Coal Gasification Systems

a. Technology Area: Surface Coal Gasification, Advanced Research

b. R&D Approaches: Novel concepts for bulk separation of gases in coal gasification systems are being researched; specifically bulk separation of gases from product or process streams in coal conversion processes which involve coal gasification. Separation processes must operate within a temperature range of 100-700°C.

The following approaches have been proposed:

a. Hydrogen separation -- Ceramic membranes; and Electrochemical.

b. Carbon dioxide separation -- Ceramic membranes; Reactive sorbents; High temperature conversion to CO; and Bioconversion.

c. Milestone Chart: No awards to date, therefore milestone charts are not available. Anticipate award of two contracts, each for two years from November 1989 through September 1991.

d. Approp. to Date: $51,000

e. Remaining Cost: The remaining costs are estimated for FY 1990 to be $800,000.

f. Contract Termination: Contractor selections have not been made, thus decision points have not been identified, nor can the cost implications of contract terminations be estimated at this time.

2. TITLE: Production of Low-Cost Hydrogen

a. Technology Area: Surface Coal Gasification, Systems for Synthesis Gas Production

b. R&D Approaches: For production of low-cost hydrogen, the contractors will conduct theoretical and experimental investigations of the gasification chart and/or bottoms from direct liquefaction to produce low-cost hydrogen in sufficient concentration and without the presence of process-specific contaminants for use in direct liquefaction.

c. Milestone Chart: To be determined when the contractors are selected.

d. Approp. to Date: $335,000

e. Remaining Cost: The remaining costs for FY 1990 are estimated to be $700,000.

f. Contract Termination: Contractor selections have not been made, thus decision points have not been identified, nor can the cost implications of contract terminations be estimated at this time.

3. TITLE: Advanced Concepts in Ceramic Membranes for High Temperature Gas Separation

a. Technology Area: Control Technology and Coal Preparation, Gas Stream Cleanup

b. R&D Approaches: This work will entail R&D on ceramic membranes for separation of gaseous contaminants at high temperature and pressure

from both gasification and combustion processes. Work will address the removal of hydrogen sulfide, ammonia, carbon dioxide, sulfur dioxides, and nitrogen oxides. The PRDA restricted the work to contaminant removal concepts that use facilitated transport and catalytic membrane concepts.

c. Milestone Chart: No project milestones have been established, since contractors have not been selected.

d. Approp. to Date: $185,000

e. Remaining Cost: Assuming that two contracts are awarded, the remaining costs are estimated to be $500,000 for FY 1990.

f. Contract Termination: Contractor selections have not been made, thus decision points have not been identified, nor can the cost implications of contract terminations be estimated at this time.

4. TITLE: Advanced Indirect Liquefaction Processing

a. Technology Area: Coal Liquefaction, Indirect Liquefaction

b. R&D Approach: For advanced indirect liquefaction processing, multiple (up to 6) projects are planned to develop an enhanced technology base on alternative approaches for the conversion of coal-derived gases to liquid fuels. Both oxygenated and hydrocarbon fuel products will be targeted, and improved slurry reactors will be studied.

c. Milestone Chart: Projects of up to three-year duration will be supported, with specific milestones to be developed.

d. Approp. to Date: $1,250,000

e. Remaining Cost: FY 1990 costs are estimated to be $1,000,000

f. Contract Termination: Contractor selections have not been made, thus decision points have not been identified, nor can the cost implications of contract terminations be estimated at this time.

5. TITLE: Advanced Research - Liquefaction

a. Technology Area: Coal Liquefaction, Advanced Research

b. R&D Approach: Multiple (up to 5) projects will be initiated for research on liquefaction catalysis, new catalytic liquefaction materials, liquefaction pretreatment, and novel concepts for coal liquefaction. In these areas, an improved fundamental understanding of the

physical and chemical processes associated with liquefaction technologies will be developed.

c. Milestone Chart: Projects of up to three-year duration will be implemented, with specific milestones to be developed.

d. Approp. to Date: $1,348,000

e. Remaining Cost: FY 1990 costs are estimated to be $200,000.

f. Contract Termination: Contractor selections have not been made, thus decision points have not been identified, nor can the cost implications of contract terminations be estimated at this time.

6. TITLE: Storage and Handling of Coal-Based Fuels

a. Technology Area: Combustion Systems, Alternative Fuels Utilization

b. R&D Approach: For storage and handling of coal-based fuels, four projects are planned for studying the storage, transportation, handling, and burner injection characteristics of four alternative advanced fuel forms, including dry-ultrafine, beneficiated, and slurry forms. Activities under this program will be integrated with both fuel production efforts under the Coal Preparation Program and end-use studies under the Advanced Combustion Technology Program.

c. Milestone Chart: Expect two-year period of performance, with milestones to be developed after contracts are awarded.

d. Approp. to Date: $1,200,000

e. Remaining Cost: $3,000,000

f. Contract Termination: Contractor selections have not been made, thus decision points have not been identified, nor can the cost implications of contract terminations be estimated at this time.

7. TITLE: Surface Electrochemical Control

a. Technology Area: Control Technology and Coal Preparation, Advanced Research

b. R&D Approach: For surface electrochemical control, the University of Utah researchers will study the electrochemical behavior of coal and pyrite surfaces under surface-modified conditions and will assess the potential of those conditions for improving the removal of pyrite during fine coal flotation processes.

c. Milestone Chart: Three-year period of performance, with milestones to be developed.

d. Approp. to Date: $75,000

e. Remaining Cost: FY 1990 costs are estimated to be $170,000.

f. Contract Termination: Contractor selections have not been made, thus decision points have not been identified, nor can the cost implications of contract terminations be estimated at this time

8. TITLE: Optimization of High Gravity Batch Type Centrifuge

a. Technology Area: Control Technology and Coal Preparation, Coal Preparation

b. R&D Approach: Researchers will test a prototype centrifuge for its applicability in cleaning fine clean coal froth flotation product and both fine and ultrafine coal from other sources.

c. Milestone Chart: The milestone charts will be developed upon contract award.

d. Approp. to Date: $17,000

e. Remaining Cost: To be determined, pending resolution of legal problems prior to contract award.

9. TITLE: Coal Surface Structure and Thermodynamics

a. Technology Area: Control Technology and Coal Preparation, Advanced Research

b. R&D Approach: Lehigh University researchers will use Nuclear Magnetic Resonance, Beta X-Ray techniques on the coal surface area, chromatographic, and calorimetric analysis techniques on pristine and surface-modified (by oxidation, drying, grinding, and exposures to liquids) coals to develop an understanding of coal surface structure and surface structural changes during coal cleaning.

c. Milestone Chart: The contract has a three-year period of performance. The milestone charts are being developed.

d. Approp. to Date: $50,000

e. Remaining Cost: FY 1990 costs expected to be $130,000.

f. Contract Termination: Decision points have not been identified, thus cost implications of contract terminations cannot be estimated at this time.

10. TITLE: Emissions Control for Small-Scale Combustors

a. Technology Area: Control Technology and Coal Preparation, Flue Gas Cleanup

b. R&D Approach: On emissions control for small-scale combustors, multiple (up to 5) projects are planned to investigate new promising emissions control techniques suitable for treating pollutants from advanced small- to medium-scale coal-fired combustors. Activities under this program will be integrated with related efforts under the Coal Preparation and Advanced Combustion Programs.

c. Milestone Chart: Projects are expected to be of two- to three-year duration, with specific milestones to be developed.

d. Approp. to Date: $850,000

e. Remaining Cost: $85,000 in FY 1990 Congressional budget; outyear costs not available since contracts have not been awarded.

f. Contract Termination: Contractor selections have not been made, thus decision points have not been identified, nor can the cost implications of contract terminations be estimated at this time.

11. TITLE: Geoscience Reservoir Characterization Studies to Increase Permeability and/or Improve Recovery Processes

a. Technology Area: Advanced Extraction and Process Technology, Geoscience and Advanced Extraction Research

b. R&D Approach: The PRDA was issued to provide the crosscutting fundamental knowledge and new/innovative technologies needed to substantially increase predictability and/or improve recovery processes for oil, gas, shale oil, and tar sands liquids. The R&D contractor's approach is not known at this time.

c. Milestone Chart: Not available, contract(s) not yet awarded.

d. Approp. to Date: $1,239,000

e. Remaining Cost: Not available, contracts not yet awarded.

f. Contract Termination: Contractor selections have not been made, thus decision points have not been identified, nor can the cost implications of contract terminations be estimated at this time.

12. TITLE: Research for Advanced Technological Concepts in Geoscience and Microbial Enhanced Oil Recovery

a. Technology Area: Enhanced Oil Recovery

b. R&D Approach: The PRDA requested proposals in the areas of: basic geoscience; geoscience applicable to mobile/immobile oil; geoscience applicable to heavy oil reservoirs; basic research in MEOR; and geoscience applicable to MEOR. The R&D approach is not known at this time.

c. Milestone Chart: Not available, contracts not yet awarded.

d. Approp. to Date: $3,331,000

e. Remaining Cost: Not available, contracts not yet awarded.

f. Contract Termination: Contractor selections have not been made, thus decision points have not been identified, nor can the cost implications of contract terminations be estimated at this time.

Consummated Contracts

13. TITLE: Novel Heat Engines Concepts

a. Technology Area: AR&TD, Coal Utilization Science

b. R&D Approach: The Massachusetts Institute of Technology is evaluating a novel low-pressure ratio coal-fired exhaust heated gas turbine cycle. The key objective is to develop a ceramic heat exchanger with minimal leakage and ash fouling/deposition characteristics while operating on coal.

c. Milestone Chart:

Program Plan and Technical Review	March 1989
Engine Design Complete	June 1989
Heat Exchanger Testing	November 1989
Systems Economics Assessment	December 1989
Optional Full Pressure Heat Exchanger Test Complete	December 1990
Final Report	December 1990

d. Approp. to Date: $113,000

e. Remaining Cost: $215,000 (FY 1990)

f. Contract Termination: Contract could be terminated in July 1990 just prior to optional Phase 2 work.

14. TITLE: Wear Reduction Systems

a. Technology Area: Combustion Systems, Advanced Research

b. R&D Approach: The Southwest Research Institute is identifying novel ring and liner wear reduction systems for a coal-fueled diesel engine.

c. Milestone Chart:

Complete Assessment	September 1989
Identify Reduction Systems	June 1990
Complete Design	January 1991

d. Approp. to Date: $25,000

e. Remaining Cost: $200,000 (FY 1990)

f. Contract Termination: Decision points have not been identified, thus cost implications of contract terminations cannot be estimated at this time.

15. TITLE: Wear Reduction Systems

a. Technology Area: Combustion Systems, Advanced Research

b. R&D Approach: The contractor is identifying novel ring and liner wear reduction systems for a coal-fueled diesel engine.

c. Milestone Chart:

Complete Design & Analysis	April 1989
Complete Lubrication System Design	May 1990
Final Report	August 1990

d. Approp. to Date: $163,000

e. Remaining Cost: $85,000 (FY 1990)

f. Contract Termination: Decision points have not been identified, thus cost implications of contract terminations cannot be estimated at this time.

16. TITLE: Wear Reduction Systems

a. Technology Area: Combustion Systems, Advanced Research

b. R&D Approach: Adiabatics Inc. is identifying and evaluating novel injectors for coal-fueled heat engines.

c. Milestone Chart:

Complete Technology Survey	November 1988
Injection Design & Bench Test	July 1989
Complete Preliminary Engine Tests	August 1989

d. Approp. to Date: $134,000

e. Remaining Cost: $138,000 (FY 1990)

f. Contract Termination: One exercisable option in September 1989 could be a logical decision point for termination. No termination costs would be anticipated under this scenario.

Question: Provide project descriptions for the record for all discrete technology areas, and include:

-- The market for the technology;
-- The technologies with which it is intended to compete;
-- Where appropriate, the projected efficiency or capital and operating costs compared to competing technologies;
-- Also identify all PDU, or larger, scale facilities of the specific technology type under discussion -- note its size, location, intended purpose, number of years in operation, and the public/private funding to date.

Answer: The information requested concerning technology markets, description of processes, etc., is provided in the Fossil Energy R&D Summary Program Plans. A copy of the FY 1989 Fossil Energy R&D program plans has been provided to the committee staff.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

Clean Coal Technology

Question: In FY 1989, an additional $575 million was appropriated for the Clean Coal Technology Program. Bill language was included which restricted the FY 1989 outlays for this program to $15.5 million in FY 1989. Did the outlay restriction hurt the program?

Answer: It is still too early to tell whether the outlay restriction will hurt the program. It all depends on how quickly Cooperative Agreements can be put in place for the 16 projects. We are restraining program direction outlays as much as possible to leave room for project costs which could begin occurring in the last two quarters of this fiscal year.

Question: Have you worked with CBO and OMB to eliminate outlay rate discrepancies?

Answer: At this stage in the program it is very difficult for anyone to accurately forecast future Clean Coal Technology outlays because the outlay rates continually depend on when the projects get started, how quickly they proceed through preliminary design, etc. Resolving discrepancies really just entails agreeing on very volatile assumptions. We are working with all involved parties to develop and maintain up to date outlay estimates, based on the best available information about project financing and schedules.

Question: President Bush requested advance appropriations of $600 million for fiscal year 1991 and $600 million for fiscal year 1992 for the Clean Coal Technology Program.

The revised budget suggests that the primary reason to request the advance appropriation is to fulfill the commitment to fund the Clean Coal Program in a 5-year timeframe.

Is there a programmatic reason to have the $1.2 billion appropriated in FY 1990 for FY 1991 and FY 1992? This is a much faster schedule than previous appropriations.

Answer: From a programmatic standpoint, it is important to proceed with this appropriation schedule for two reasons: 1) the sooner demonstrations can get started, the sooner options will be available to complement acid rain legislation objectives; and 2) full commitment by Congress to the balance of program financing now, will send a clear and strong signal to potential project sponsors that the Federal Government is fully committed to this effort, and intends to proceed expeditiously to address both the economic and environmental issues associated with acid rain mitigation.

Question: What are the advantages of appropriating these funds in fiscal year 1990 as opposed to fiscal year 1991?

Answer: The most important advantage is that potential project proposers will know that they can start now to develop projects without a major risk that parts #4 and #5 may be delayed or eliminated. Programs need lead time and confidence that the program is proceeding on a defined schedule, in order to develop strong and viable projects.

DOE will also be in a stronger position to implement parts #4 and #5 if the funding and schedule uncertainties are removed.

Finally, the U.S. credibility with Canada will not be in doubt if the Congress supports the President's commitments.

Question: Is $600 million the minimum amount necessary in fiscal year 1991 to run an efficient and credible program? If so, why? If not, what is the minimum efficient amount necessary to be advanced in FY 1990 for the FY 1991 and FY 1992 programs?

Answer: Providing $600 million as an advanced appropriation is necessary to run an efficient and credible program. It is consistent with the President's commitment, and it involves a magnitude of activity consistent with Rounds #2, #3, and #4. Stretching out the program could signal to industry a lack of commitment on the part of the government.

Question: Please provide for the record a display of the budget authority and outlay rate for the Clean Coal Technology Program similar to the one provided on page 352 of the FY 1989 Senate Hearing.

Answer: The following chart displays the budget authority and outlays for the five rounds of the program.

Clean Coal Technology
BUSH BUDGET
(Dollars in Millions)

Program	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total
CCT-1																		
BA	99.4	149.1	149.1	---	---	---	---	---	---	---	---	---						$397.6
OBS	0.4	21.4	62.1	242.9	70.8	---	---	---	---	---	---	---						$397.6
OLD BO	0.3	6.9	24.5	76.0	63.7	122.2	51.9	20.9	17.5	13.7	---	---						$397.6
BUSH BO	0.3	6.9	24.5	76.0	75.0	100.0	52.8	35.9	17.5	8.7	---	---						$397.6
CCT-2																		
BA	---	---	50.0	190.0	135.0	200.0	---	---	---	---	---	---						$575.0
OBS	---	---	7.0	34.9	50.9	96.0	150.4	85.7	14.1	---	---	---						$439.0
OLD BO	---	---	4.1	15.5	26.3	68.6	98.8	121.1	80.1	24.5	---	---						$439.0
BUSH BO	---	---	4.1	15.5	40.6	123.1	103.9	99.8	40.8	11.2	---	---						$439.0
CCT-3																		
BA	---	---	---	---	575.0	---	---	---	---	---	---	---						$575.0
OBS	---	---	---	---	41.4	67.8	150.8	63.4	115.6	---	---	---						$439.0
OLD BO	---	---	---	---	5.0	20.0	40.0	70.0	121.3	86.8	66.3	29.6						$439.0
BUSH BO	---	---	---	---	4.4	39.5	52.7	109.8	87.8	74.6	48.3	21.9						$439.0
CCT-4																		
BA	---	---	---	---	---	600.0	---	---	---	---	---	---	---	---	---	---	---	$600.0
OBS	---	---	---	---	---	108.2	152.1	249.5	75.9	150.3	---	---	---	---	---	---	---	$736.0
OLD BO	---	---	---	---	---	5.9	30.0	79.0	90.0	193.0	153.8	124.6	60.6	---	---	---	---	$736.0
BUSH BO	---	---	---	---	---	7.4	66.2	88.3	184.0	147.2	125.1	81.0	36.8	---	---	---	---	$736.0
CCT-5																		
BA	---	---	---	---	---	---	600.0	---	---	---	---	---	---	---	---	---	---	$600.0
OBS	---	---	---	---	---	---	108.2	152.1	249.5	75.9	150.3	---	---	---	---	---	---	$736.0
OLD BO	---	---	---	---	---	---	5.0	30.0	79.0	90.0	193.0	153.8	124.6	60.6	---	---	---	$736.0
BUSH BO	---	---	---	---	---	---	7.4	66.2	88.3	184.0	147.2	125.1	81.0	36.8	---	---	---	$736.0
TOTAL BA	99.4	149.1	199.1	190.0	710.0	800.0	600.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	$2,747.6
TOTAL OBS	0.4	21.4	69.1	277.8	163.1	272.0	561.5	550.7	455.1	226.2	150.3	0.0	0.0	0.0	0.0	0.0	0.0	$2,747.6
TOTAL OBO	0.3	6.9	28.6	91.5	95.0	215.8	225.7	321.0	387.9	408.0	413.1	308.0	185.2	60.6	0.0	0.0	0.0	$2,747.6
TOTAL BBO	0.3	6.9	28.6	91.5	120.0	270.0	283.0	400.0	418.4	425.7	320.6	228.0	117.8	36.8	0.0	0.0	0.0	$2,747.6

Question: Why do the outlay rates from that hearing differ from the outlay rates associated with the Bush budget provided for the record at the FY 1990 House Hearing? Isn't the budget authority the same?

Answer: The outlay estimates have changed somewhat as a result of additional experience with the program. The outlay profiles for each round of projects do not represent a defined schedule but rather our current best estimate of the average pace and exigencies of projects in that round. We continue to refine our projections as outlay experience grows.

The funding requests for FY 1990 and FY 1991 are also different as a result of President Bush's recent decision to seek full funding for the program under the previously proposed 5-year timeframe.

As a result, outlay figures for these and the following years are different even though total funding for the program has not changed.

Question: On March 16, 1989, the Department of Energy issued a draft of its solicitation document for the third round of competition under the Clean Coal Technology Program. The final solicitation for the $545 million in federal matching funds is expected to be issued May 1, 1989.

While the principal purpose of this solicitation remains a reduction in acid rain causing pollutants, the draft solicitation also calls attention to the importance of increasing the efficiency of coal use as a way of mitigating concerns over the buildup of carbon dioxide and other so-called "greenhouse" gases.

Can you elaborate on how the solicitation "calls attention" to the importance of mitigating "greenhouse" gases?

Answer: Extra credit in two of the Commercialization Criteria will be given for the reduction of greenhouse gas emissions.

Credit is not large enough for a project to be selected that does not also significantly reduce acid gas emissions.

Question: Beyond the solicitation, what is contemplated in the individual contracts of the selected proposals for this mitigation?

Answer: The Statements of Work may include tasks which are oriented toward demonstrating higher efficiency operation (the principal method of reduction of greenhouse gas emissions).

Statements of Work are negotiated on a case-by-case basis and are based on the proposals.

Question: Have you any comments on this part of the solicitation?

Answer: The topic was discussed at all four public meetings. Industry advised that too much credit for greenhouse gases may be an overreaction in an area which does not have a scientific consensus as to its severity.

The approach taken in PON 3 provides proper balance between ignoring the subject and overreacting.

Question: Besides this part of the solicitation, what have been the industry comments?

Answer: There has been little comment on the draft PON's treatment of greenhouse gases (although it was a topic during the public meetings).

Apart from greenhouse gases, industry comments have centered on the following:

- o Recoupment: Few like the idea, but there was little on the details in the Draft PON.
- o Western Participation: Few complaints regarding DOE's highlighting the eligibility of the West (several western states complained that DOE had not done enough).
- o Technical Interpretations: Requests were made for specific interpretations for individual cases.

Question: Now that we are moving toward the third solicitation for the Clean Coal Program, should we not also be phasing down some of our Fossil Energy R&D research?

Answer: The FY 1990 budget request includes reductions in Fossil R&D areas that either are of lower priority or have reached the point where further development should be the responsibility of industry, alone or within the Clean Coal Program. The programs in our FY 1990 request include longer-term, high payoff, advanced concepts that have emerged from the more fundamental portion of our research program, which have the potential for using coal even more effectively and cleanly than the current generation of technologies. Also, the R&D program represents a supporting resource to the Clean Coal Program, as needed (e.g., the Waste Management Program). All of these factors were considered in the formulation of the Department's proposed FY 1990 program and the FY 1990 budget request.

The logic of spreading the selection of clean coal projects over a number of solicitations is that it would permit technologies that were potentially attractive but too immature to be ready for one of the earlier solicitations, to still participate in the Clean Coal Program. Thus, the FY 1990 request continues support for the most promising new technologies.

Question: If so, where should the program decreases occur? If not, why?

Answer: The FY 1990 budget proposal reflects the Department's priorities and indicates appropriate increases/decreases in program emphasis.

Western Coal Initiatives

Question: More than half of U.S. coal reserves are located west of the Mississippi. The coal producing state of Wyoming, for example, has 60 percent of the enormous Powder River Basin coal reserve.

Unfortunately, the first two solicitations for clean coal demonstrations attracted relatively few proposals. To improve the participation of Western coal interests, the Department held a public

meeting in Cheyenne, Wyoming, to learn what obstacles Western interests might be encountering in the clean coal competition and what can be done to dramatically increase the role of Western projects in the program.

It is my understanding that several recommendations were made at the public meeting in Cheyenne.

Can you describe some of the recommendations which stem from the Cheyenne meeting and how the second and/or third solicitations will be modified to accommodate these recommendations?

Answer: Some of the recommendations that arose from the Cheyenne public meeting included:

- o Broaden the objectives of the PON beyond SO_2 and NO_x control at existing facilities;
- o Allow technologies that will open new Western coal markets, including international markets, to compete;
- o Clarify the PON language to make it more understandable;
- o Reduce the cost of preparing proposals by asking for only that information needed in the evaluation process; and
- o Clarify the repayment provision.

Many of these recommendations were incorporated into the draft CCT 3 PON without taking away from the main objective of the program, which is to demonstrate technologies which are capable of retrofitting or repowering existing facilities.

The changes in the draft CCT 3 PON from CCT 2 include:

- o Broadening the PON objective to include providing for future energy needs in an environmentally acceptable manner;
- o Conducting a complete edit of the PON to make it more readable and understandable;
- o Reducing the information requirements of proposals to reduce proposal preparation costs; and
- o Simplifying and reducing the repayment provisions of the PON.

Question: Are any legislative revisions necessary to accommodate any of these recommendations? If so, are they included in the FY 1990 request for advance appropriations for FY 1991 and FY 1992?

Answer: No legislative revisions are necessary to accommodate any of these recommendations.

Question: The Senate reports for fiscal year 1988 stated that the Secretary "should not confine clean coal projects locations to any one region of the country but should endeavor to assist those projects that are judged to be most qualified."

Like many of my colleagues, I want the best projects to be funded without skewing the process in one geographic direction or another.

As long as all regions have the same competitive footing and no one region has a competitive advantage, there is no problem.

How do you respond to those who say your western efforts skew the third solicitation?

Answer: This is an unfair criticism; PON 3 will allow for a more balanced selection process.

Heaviest emphasis is still on well formulated projects which demonstrate the reduction of SO_2 and NO_x (i.e., acid gas) emissions.

Question: The legislative history seems to be fairly clear, why do you feel additional language is necessary?

Answer: We believe PON 3 is responsive to Congressional guidance and no further legislation is needed.

Western Coal

Question: I want to shift gears a little bit and move away from Clean Coal and into Fossil Energy but still discuss western coal.

A considerable amount of research has and is being conducted by DOE and private industry that is applicable to the western coal interest. According to DOE, little of the research and development being conducted by DOE is responsive to those needs that would make western coals more competitive in their natural markets.

As a result a three pronged effort is being proposed by DOE to address the issues surrounding expanded use in the natural markets for western coal.

First, projects to demonstrate technologies that could have an immediate impact on western coal demand in those markets will be pursued.

Second, efforts will be accelerated to open new markets for western coals in the international marketplace.

Third, longer term needs will be addressed by expanding DOE's coal R&D program to give greater recognition to western coals.

Is the 2/23/89 strategy on western coal still the operative strategy?

Answer: The referenced western coal strategy represents a tentative plan of action, the elements of which are factored into our overall program planning activities.

Question: If so, how does the FY 1990 Fossil budget address the first part of the initiative in a different manner than FY 1989?

Answer: The FY 1990 Fossil budget differs in two major areas from FY 1989. The first area is in Coal R&D whereby the FY 1990 budget request contains several projects with the objective of developing technologies that are specifically applicable to western coals and could have an immediate impact on western coal demand. Specifically:

- o WRI, with Amax as a subcontractor, will design and build a 100 lb/hr mild gasification test facility at WRI's Laramie, Wyoming site. The FY 1989 funding for this effort is $1,828,000 and the request for FY 1990 includes $638,000 to complete construction and operation of this unit and to fund conceptual design of a scaled-up unit.

- o UNDEMRC, with Amax as a subcontractor, is also developing a mild gasification process to produce value added solid, liquid, and gaseous products from western subbituminous coals. A 100 lb/hr test unit will be operational in FY 1989. The FY 1989 funding for this effort is $1,219,000 and the request for FY 1990 includes $693,000.

- o A new initiative in FY 1990 with no funding in FY 1989 is an effort to identify, characterize and evaluate advanced technologies for treating and upgrading low-rank coals as a part of the Surface Coal Gasification, Coproducts activity. The FY 1990 funding request is for $950,000.

- o A new initiative in FY 1990 with no funding in FY 1989 is an effort with WRI to investigate the upgrading of condensibles from the WRI/Amax mild gasification project identified above. The FY 1990 funding request is for $424,000.

- o A project is underway with WRI in FY 1989 to investigate drying low rank coals in an inclined fluidized-bed using carbon dioxide to inhibit oxidation. The FY 1989 funding for this effort is $100,000 and the request for FY 1990 is $500,000.

- o Work will be initiated with the State of Wyoming to cofund research on treatment of wastewater derived from the use of western coals. This FY 1990 budget request includes $1,896,000 for this effort.

The second area is in the Clean Coal Program whereby:

- o Under current law, the CCT-3 PON has been modified from CCT-2 to clearly define retrofit, repowering and new fuel forms to assist in guiding offerors on what technologies are eligible.

In addition, the CCT-3 PON does level the playing field between eastern and western projects.

- o A western DOE official has been placed on the CCT Source Evaluation Board.

Question: What are the necessary changes in the Clean Coal 3 solicitation to accommodate the first part of the initiative and how do they differ from the recommendations?

Answer: A Program Policy Factor for geographic diversity has been included.

Credit will be given for use of new fuel forms in retrofit and repowering applications.

Evaluation of export potential will be included in the evaluation of commercialization plans.

Question: The second part of the effort is proposed to be

accomplished in part by implementing DOE's coal export initiative. The basis of this initiative is to provide information necessary for U.S. coal producers and coal technology developers to market their products abroad and at opening doors for U.S. industry to foreign countries. What is the status of the implementation of this initiative? Why wasn't it implemented before?

Answer: In the U.S., a competitive solicitation has been issued and proposals received to conduct Super Clean Coal Water Slurry (SCCWS) research. Proposal evaluations are in the latter stages of completion.

Past research (1984) was conducted using conventionally prepared slurries. SCCWS are new fuels that are formulated by using very fine ultraclean coal. Superclean coals with low ash content were not available when the earlier research was conducted. DOE feels it is appropriate to conduct these new tests to close the research gap.

Question: The third part of the effort focuses on the longer term needs to be addressed by expanding DOE's coal R&D program to give greater recognition to western coals.

The Western Coal Strategy of 2/23/89 identifies several projects which are proposed to be expanded in FY 1990 from the FY 1989 level. For some of the projects, however, the strategy does not identify the FY 1990 funding increment.

Please provide for the record an updated analysis of the FY 1990 increments for these projects.

Answer: The FY 1990 Coal R&D Budget Request contains several projects with the objective of developing technologies that are specifically applicable to western coals and could have an immediate impact on western coal demand.

WRI, with Amax as a subcontractor, will design and build a 100 lb/hr mild gasification test facility at WRI's Laramie, Wyoming site. The FY 1989 funding for this effort is $1,828,000 and the request for FY 1990 includes $638,000 to complete construction and operation of this unit and to fund conceptual design of a scaled-up unit.

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A project is underway with WRI in FY 1989 to investigate drying low rank coals in an inclined fluidized-bed using carbon dioxide to inhibit oxidation. The FY 1989 funding for this effort is $100,000 and the request for FY 1990 is $500,000.

Work will be initiated with the State of Wyoming to cofund research on treatment of wastewater derived from the use of western coals. This FY 1990 budget request includes $1,896,000 for this effort.

Question: The Department recently proposed to reprogram $854,000 from prior year deobligations to fund a Waste Water Disposal Study applicable to the processing of western coals under a Memorandum of Understanding (MOU) between the Department and the State of Wyoming.

The total estimated cost of the study was $5.5 million to be shared equally by the Department and the State of Wyoming. An additional $1.9 million has been requested in the FY 1990 budget.

The proposal was also part of the Department's "Western Coal Initiative."

It is my understanding that the House rejected this reprogramming because it was considered a "new start" which is not allowed under the reprogramming guidelines. I believe, however, that the approval has been given for other reprogrammings of the same date which could also be considered "new starts."

What was the real reason the House rejected the Wyoming reprogramming?

Answer: The House Appropriations Subcommittee on Interior and Related Agencies rejected this reprogramming "since this is a new undertaking of considerable size with the bulk of its funding included in future budget years."

The Subcommittee will address this project in the FY 1990 budget hearing process and markup of FY 1990 appropriations legislation.

Question: Generally, where does this type of work rank on the Fossil Energy priority list?

Answer: This effort was included in the highest priority group which emphasizes coal utilization, high priority liquids supply, and program direction. However, in comparison with other elements of this priority group, the new start on western coal utilization had a lower priority.

Question: Can you elaborate on how this project fits into your Western Coal strategy?

Answer: The ultimate goal of this effort is to increase utilization of all western coals. DOE has recognized that waste water characterization contaminant minimization and treatment, and waste water disposal are issues inhibiting improved coal utilization.

The results of the efforts in Wyoming will be generally applicable to waste water from a variety of coals and coal processes in all western states.

Clean Coal Technology Recoupment

Question: One of the legal requirements of the Clean Coal Technology Program is that the government's investment be recovered.

This policy was stated in the solicitations for both Clean Coal 1 and Clean Coal 2.

In Clean Coal 1, recoupment is to be derived from operations of the demonstration projects and the commercial sale, lease, manufacture, licensing or use of technology demonstrated.

In Clean Coal 2, recoupment goals remained the same but the basis upon which the repayment plans were to be prepared and the sources of revenue to be considered were changed. The time cost of money was also included.

There certainly has not been a lack of industry interest in the process and I am curious to know some of the industry concerns on the recoupment procedures. Can you briefly describe the recoupment proposals between Clean Coal 1, Clean Coal 2, and Clean Coal 3? Under any of the proposals, will the government's share not be repaid?

Answer: Industry has several concerns regarding recoupment procedures. Although implemented differently in each of the solicitations, recoupment is to be made from the revenues of future commercial application of the demonstrated technology. In this regard it affects the commercial planning of the technology owner, for example, as commercial royalty or licensing arrangements do. Many of the technology owners currently in the program claim that recoupment puts them at a competitive disadvantage since competitors would not be burdened with repayment and a successful Clean Coal demonstration would benefit both parties. It is important to note that in such a situation competitors would have to assume the full share of their own proprietary development costs without government assistance.

In Clean Coal 1, where project revenues were subject to repayment, the policy hurt the ability to finance some of the projects since some of the cash flow was diverted to recoupment and was not available for debt service. In CCT 2 and 3, technology owners feel hurt by recoupment which becomes their responsibility but they are not always part of the proposal (some technology owners are not proposers but will be subcontractors). However, all of the technology owners stand to gain with a successful demonstration.

The recoupment provisions of CCT 1, CCT 2, and CCT 3 are as follows:

- CCT 1 - From at least two sources, revenues from the continued operation of the demonstration facility and commercial sale, lease, manufacture, licensing or use of the technology (recoupment amount is capped at the nominal dollar value of the government's share of allowable project costs).

- CCT 2 - 2 percent of gross equipment sales and 3 percent of gross licensing fees; alternative plans were allowed on an as negotiated basis (recoupment amount is capped at the real dollar (inflation adjusted) value of the government's share of allowable project costs).

- CCT 3 - 0.5 percent of gross equipment sales and 5 percent of gross licensing fees - recoupment amount is capped at the nominal dollar value of the government's share of allowable project costs (alternative plans and grace periods allowed on a case-by-case basis).

It is possible that the government will not recoup all of its

share in the projects since recoupment depends on the success of the demonstrations and subsequent commercialization. The plans as negotiated address recoupment of the government share but they depend on the development over a twenty year period.

Question: If industry had concerns with the recoupment, wouldn't a proposer have made adjustments to the proposed cost share? The cost shares for these demonstrations are impressive at 60 to 70 percent and much better than the 50/50 mandate.

Answer: Not necessarily, since proposers may believe that a significant cost share demonstrates commitment to the project and improves the potential for selection.

In CCT 1, recoupment was a difficult problem since revenues from continued operation of the facilities had to be addressed. The problem was not strictly one of cash flow, but affected financing of projects:

- Financial institutions were not familiar with recoupment in Government sponsored projects.
- Use of project operating revenues for recoupment reduced funds available for paying Participant debt.
- How recoupment affected technology owners was not clear (most technology owners in CCT 1 were not proposers but subcontractors).

PON 2 dealt with these issues, but it is too early to tell if the new approach will be successful.

Question: Were their concerns stated during the negotiations on specific proposals or are these new concerns?

Answer: Concerns about recoupment have been a constant element of the Clean Coal Program.

Question: Do you plan any changes to the recoupment policy or procedures in any of the solicitations?

Answer: A number of changes were included in the Draft PON 3:

- o The inflation adjustment has been dropped.
- o Recoupment percentages were changed (0.5% for the sale/lease of equipment and 5% for licensing fees).
- o A provision for a grace period was included to reduce the burden during the early stages of commercialization.

A number of administrative changes were also made:

- o All repayment provisions will be included in a separate Repayment Plan (to be signed at the same time as the Cooperative Agreement).
- o Title to the project assets is clearly the Participant's.
- o Collection provisions have been clarified.

Question: As I understand the situation surrounding Clean Coal 1, there are four remaining projects that you are still negotiating. If negotiations for the remaining four projects are not complete by November of 1989 and no replacements are found, it is DOE's intent to place the uncommitted funds in a contingency fund to cover future cost growth or adding the funds available to future Clean Coal Technology program opportunity notices.

If my addition is accurate, there is over $100 million available in Clean Coal 1. Is that accurate?

Answer: Yes. There is $116.3M available (remaining) in Clean Coal 1.

Question: What is the current amount of the contingency fund and why do you feel it is inadequate?

Answer: Of the $116.3 million remaining in Clean Coal 1, $88.7 million has been committed to the four projects in fact finding/ negotiation, leaving $27.6 million as a contingency fund.

The founding legislation for the Clean Coal Program recognized that cost growths on demonstrations are likely by placing a limit on DOE's exposure -- 25 percent of the DOE share, shared on a ratio commensurate with the cost share ratio for the project set forth in the Cooperative Agreement.

DOE does express approval authority over any overrun but is not obligated by contract to put up additional funds. We anticipate on several projects that it will be in the best interest of the program to infuse funds if the Participant is willing to put up his share.

As to how much we feel is prudent to keep in a contingency fund, this will be a part of an effort presently being undertaken by a task force commissioned to come up with a set of recommendations leading to successful conclusion of the Coal Coal 1 Program. Initial indications are that a series of decisions will be made by June 30, 1989.

Question: Is additional legislative language necessary to shift those funds from other program opportunity notices?

Answer: We believe additional statutory authority would have to be requested to transfer funds between each Clean Coal round or solicitation.

Western Earth Sciences Technologies

Question: Recently, the Department has been expanding its role in geosciences. In FY 1989, the Congress recognized this effort and noted that there were several consortia and combinations of universities that plan to actively participate in the Department's geoscience program.

Encouraged by this response, in FY 1989 $5.0 million was appropriated for a geoscience initiative. Language in the conference report states that the $5.0 million should be for comprehensive, openly competed, cost-shared programs including the WEST consortia and the Geosciences Institute.

In recent months, Mr. Secretary, you have become pen pals with several members of Congress, including me, concerned about the initiative. Generally, it was felt that the WEST and Geosciences Institute would receive some sort of funding from the $5.0 million. What is the status of the $5.0 million?

Answer: At this time, the $5.0 million for a geoscience competitive, cost-shared program is composed of a $2.3 million gas component and a $2.7 million oil component. The gas component procurement is in negotiation with the selected sources through our Morgantown Energy Technology Center. The oil component PRDA is expected to be issued on or about April 28, 1989. The oil component is being procured by the Pittsburgh Energy Technology Center.

Question: In July of last year, you met with representatives from the WEST consortia and praised them on the formation of the group and, I believe, encouraged them to submit a "Concept Paper" for proposed research by October 1, 1988. That concept paper was submitted in September of 1988 and proposed two feasibility studies. The study relating to exploration was something that the Fossil program traditionally does not fund. The other proposed study was on reservoir characterization in which the Fossil program has played an active role.

Your letter of November 7, 1988, to the WEST consortia indicated that "since the report mandates an openly competed, cost-shared geosciences research program, we are unable to directly fund your proposal." You also urged the WEST consortia to compete for the geosciences program.

The language included in the FY 1989 conference report was carefully crafted to indicate Congress' support for the geosciences program and the type of research programs proposed by Geosciences Institute and WEST. I don't want to get too involved with an ongoing solicitation but I am curious to know if the solicitation encourages a multidisciplinary approach like the one that WEST and Geosciences Institute have proposed?

Answer: The solicitation does encourage a multidisciplinary approach.

Question: In FY 1988, when you expressed interest in the WEST concept paper and before the $5.0 million was appropriated, what funding source were you considering using for the WEST proposal?

Answer: As you correctly point out, WEST spoke to me about a "concept paper" prior to the $5.0 million appropriation. If the concept paper had developed into a proposal we would have examined our oil and gas budget for funds to initiate work with WEST.

Question: Is there a reason that money which is outside the Geoscience Program, but in the Enhanced Oil Recovery program, can't be used?

Answer: The Enhanced Oil Recovery (EOR) program is process specific R&D geosciences designed for better understanding the EOR processes themselves. Had the concept paper developed into a proposal which was consistent with the EOR program then the proposal potentially could be funded under the EOR program.

Question: To date, what funding has been provided to the Geosciences Institute by DOE?

Answer: The DOE has in place a $500,000 grant with the Geosciences Institute which will be completed in November 1989.

Question: What was submitted by Geosciences Institute to acquire these funds?

Answer: The Institute initially submitted an unsolicited proposal to DOE. DOE subsequently found the Institute to be uniquely qualified to carry out the Congressional intent contained in the FY 1988 Continuing Appropriations Conference Report and therefore awarded a sole source grant for $500,000.

Question: If WEST and/or Geosciences Institute is not funded under the Geosciences initiative, what other funding can be provided to support their proposals?

Answer: If WEST and/or the Geosciences Institute is not successful in competing for funds under the PRDA and their proposals appear to have merit we would consider looking for sources of funding in:

- o existing program areas.
- o reprogramming funds from contracts completed and closed out.
- o appropriate areas included in the FY 1990 budget.

Question: The FY 1989 efforts are an outgrowth of funds provided in FY 1988 for support of a program study to identify program needs and priorities required to initiate an advanced geosciences oil and gas recovery research effort. In February of 1988, you requested the Geoscience Institute for Oil and Gas Recovery Research to undertake such a study for the Department. A summary report was provided to DOE in February of 1989. Have you analyzed this report?

Answer: We received a draft final report, which is currently undergoing review by the Bartlesville Project Office and the Office of Geoscience Research.

Question: Was the report incorporated into the geosciences solicitation or is it still in draft form?

Answer: The report is a draft final report and is in review in the Department. The solicitation was developed from ongoing program needs identified exclusive of the study report.

Question: Please provide for the record a breakdown of the amount and type of unsolicited proposals that were funded by the Fossil Energy (FE) program in FY 1987 and FY 1988.

Answer: During FY 1987 and FY 1988, 66 unsolicited proposals were funded in the amount of $70,056,051 by the Fossil Energy R&D program.

Of the 66 unsolicited proposals, 35 were funded in FY 1987 for a total value of $23,538,856. The titles of the FY 1987 proposals with their associated funding are:

1) Exploration for heavy crude oil and bitumen ($15,000)
2) Behavior of immiscible two fluid displacements as influenced by fluid interface instability, poreous medium heterogeneity and fractal percolation ($32,000)
3) Research on oil recovery mechanisms in heavy oil reserves ($400,000)
4) Fundamental research on surface science of coal in support of physical beneficiation of coal ($515,908)
5) Development of core analysis procedures using x-ray computed tomography ($200,000)
6) Hydrocarbon research at the University of Oklahoma Energy Center ($2,999,792)
7) Adsorption of surfactant used for miscible flooding mobility control onto carbonate mineral ($35,000)
8) Modification of chemical & physical factors in steamflooding to increase heavy oil recovery ($100,000)
9) Thermodynamic modeling of phase behavior of systems for enhanced recovery of light oil ($60,000)
10) Ground movements associated with gas hydrate production in geologic media ($67,032)
11) Endothermic fuel from coal naphtha ($273,983)
12) Modeling of integrated environmental control systems for coal-fired power plants ($50,000)
13) Proposal to maximize existing and potential new foreign markets for anthracite coal ($55,000)
14) Development of internal reforming molten carbonate fuel cell stack technology ($2,200,000)
15) Development of an advanced cost effective dry SO_xNO_x control ($156,651)
16) Pressurized fluidized-bed hydroretorting of eastern oil shales ($6,600,000)
17) Molten carbonate cell technology improvement ($4,028,000)
18) A large-scale boiler test of Glo-Klen technology ($760,147)
19) Formation and destruction of nitrogen oxides in coal combustion ($292,647)
20) Characterization and suitability of superclean coals for hydroliquefaction ($65,758)
21) MHD channel slag characterization ($25,019)
22) Field evaluation and commercial feasibility of Indiana shale oil modified asphaltic paving materials ($1,414,832)
23) Secondary atomization studies on single coal-water fuel droplets ($21,458)
24) Gasifier energy storage system ($65,000)
25) A proposal for the operation of the coal technology laboratory for research and development on high sulfur coal ($250,000)
26) Evaluation of coal derived liquids for locomotive engines ($100,000)
27) Application of high pressure microdilatometry to investigate thermo-physical properties of coal and coal components ($36,661)
28) Feasibility of producing jet fuel from by-products from the Great Plains Gasification Plant ($612,918)
29) Commercialization of low-rank coal water fuel via conversion of selected U.S. military base oil-fired steam plants to coal water fuels ($234,396)
30) The role of surface properties in fine coal beneficiation ($271,128)
31) Production of bitumen-derived hydrocarbon liquids from Utah's tar sands ($106,000)

32) Chemical characterization of microparticles by Raman Spectroscopy ($105,532)
33) Pilot-scale testing of microbubble flotation ($714,000)
34) Development of the chemical and electrochemical coal cleaning process ($500,000)
35) Surface study of absorbents for the removal of SO_x and NO_x from coal combustion gases ($174,994)

The remaining 31 were funded in FY 1988 having a value of $46,517,195. The titles of the FY 1988 funded proposals with their associated funding are:

1) Determine the mechanism of microbial enhanced oil recovery induced by the alpha process ($500,000)
2) Potential for the technical and economical recovery of the known oil reserves in Texas ($150,000)
3) Proof of feasibility of the thru casing resistivity technology ($170,000)
4) Infill drilling predictive model (IDPM) ($225,000)
5) The drilling of a deviated devonian shale gas well in Roane County, West Virginia ($247,500)
6) Development of methods for controlling premature oxygen breakthrough during fireflooding ($522,720)
7) Natural resources information system for the state of Oklahoma ($250,000)
8) Microbial field pilot study ($600,000)
9) Secondary natural gas recovery: Targeted technology applications for infield reserve growth ($7,500,000)
10) Gelled polymer systems for permeability modification in Petroleum Reservoirs ($140,000)
11) Testing and analysis of waste combustion with high-sulfur coal and limestone injection in a rotary kiln combustor ($40,000)
12) Stochastic modeling of coal gasification combined cycle system ($408,817)
13) Coal-fueled diesel proof-of-concept program ($3,927,851)
14) Coal micronization boiler test ($1,082,500)
15) Development of molten carbonate fuel cells stack technology ($9,872,362)
16) N2O formation in combustion systems ($132,024)
17) Incineration of pathological and infectious hospital waste in a coal-fired fluidized-bed boiler ($622,494)
18) Development of coal-fueled imhex molten carbonate fuel cell stacks ($9,499,094)
19) Molten carbonate fuel cell technology improvement ($5,688,993)
20) Pilot plant demonstration of pyrite flotation techniques on selected Ohio coals ($74,782)
21) Advanced technology fluid-bed combustor systems ($749,277)
22) Scale models of a fluidized-bed combustor: simplification of the scaling laws over all flow regimes from bubbling to circulating flow and the scaling of heat transfer ($234,617)
23) The kinetics of sulfation of CAO ($100,000)
24) Thermal stability of jet fuel ($90,081)
25) Improved electrolytes for fuel cells ($180,842)
26) High-sulfur coal research at the SIU Coal Technology Laboratory ($1,763,119)
27) An engineering model for coal devolatilizaion ($141,187)
28) NO destruction in diffusion flame environments ($64,932)
29) Collaborative research on fluidization employing computer-aided particle tracking ($289,045)
30) Microbial removal of SO_2 and NO from flue gas and microbial by-product recovery from regenerable processes for the simultaneous removal of SO_2 and NO from flue gas ($49,958)

31) Cooperative research in coal liquefaction infratechnology and generic technology development ($1,200,000)

Glo-Klen

Question: In FY 1987, $1.1 million was appropriated to run a test on a full scale boiler of the Glo-Klen catalyst. It is my understanding that the negotiations with industry have been terminated because a host site for the tests has not been found. Is that an accurate report?

Answer: Yes, that is the Department's understanding as to why Jefco withdrew the Glo-Klen proposal that it had submitted.

Question: What is the status of the $1.1 million?

Answer: The $1.1 million was formally reprogrammed within the Flue Gas Cleanup Program area to help cover the cost of a duct sorbent injection project.

Calderon

Question: In FY 1987, $4.9 million was provided to initiate a feasibility demonstration of Calderon hot gas regenerative subsystem. This work is ongoing in FY 1989. It is my understanding that construction is anticipated to be completed by June of 1989 and a six month test is anticipated. Is that accurate?

Answer: Yes, the Calderon 1 ton-per-hour facility is under construction at the present time. The reactor vessels are being fabricated and the refractory has been ordered. A total of $8 million of government funds have been appropriated for this project with the requirement that Calderon provide $2 million of cost-sharing.

The project is scheduled for completion of construction in June 1989, to be followed by a six-month test period. The schedule for completion of construction may slip a few months due to delays in hardware deliveries and inclement weather.

Question: Is there any reason why this project could not compete for funding under the Clean Coal Program?

Answer: Without knowing the specifics of a proposal based on the Calderon process, it is not known whether it could compete. However, in general, as long as a proposal submitted under the Clean Coal Demonstration Program satisfies the qualification criteria, it could compete for funding.

Question: Are any funds necessary in FY 1990 to complete the six month test?

Answer: No, FY 1990 government funds are not required. The FY 1987 Appropriation which provided the initial funding for the Calderon project states that the government funding to be provided is to be limited to $8 million and that Calderon is to provide $2 million. It also states that Calderon is to be responsible for commercialization of the technology.

Advanced Research and Technology Development

Question: The Advanced Research and Technology Development program (AR&TD) is directed toward the scientific and technical areas that underlie the development of all fossil energy technologies. In FY 1989, $25 million was appropriated with $14.2 million going to major labs and facilities.

For FY 1990, you have requested a funding level of $25 million. Unfortunately, you have proposed that only $9.7 million go to major labs and facilities. Why? Are the labs only competent in "Technology Crosscut" and not "Materials and Components?"

Answer: Although the AR&TD totals for the FY 1989 appropriation and the FY 1990 request are approximately the same, there has been a change in the mix of activities in order to permit cooperative research at WRI and UNDEMRC and the Coal Technology Export initiative while exercising fiscal restraint.

The performers for the Materials and Components efforts are laboratory intensive in comparison to other activities in the AR&TD program. Therefore, the reduction in Laboratory support is merely a reflection of the overall reduction in the Materials and Components efforts and is in no way a reflection of their competence or their capability.

Integrated Gasification Combined Cycle Systems

Question: The Fiscal Year 1989 Appropriations Act directed that the Department conduct "a study comparing the cost and performance of first and second generation Integrated Gasification Combined Cycle (IGCC) systems." The study was released earlier this month and, in addition to analyzing the systems, it reviews some prior studies. Can you elaborate on the study and indicate the budgetary impact, if any, of the recommendations?

Answer: Based on studies completed by the Department of Energy, EPRI, and other organizations, IGCC systems are expected to offer superior process and environmental performance at a reduced cost when compared to conventional power generation technologies. The improvement in system efficiencies, emissions of regulated pollutants, capital and operating costs, system reliability and flexibility all contribute to the strong potential for supplanting conventional technologies.

Second generation IGCC designs are expected to offer even additional benefits over first generation systems. Three projects which are planned to demonstrate the advantages of second generation IGCC systems have been selected for award under the Department of Energy Clean Coal Demonstration Program. The incorporation of hot gas cleanup is projected to increase the overall system efficiency and should result in a simpler, more economical equipment configuration. Highly efficient gas cleanup equipment, such as zinc ferrite systems, offer the ability to remove pollutants, such as sulfur dioxide, to levels previously unattainable with more conventional technologies. The ability to use air blown gasifiers rather than an oxygen blown configuration eliminates the need for expensive oxygen production equipment. Also, the need for minimal heat exchanger equipment on the turbine fuel gas should increase the system simplicity while lowering the overall capital requirement.

These numerous design improvements are expected to yield a system that can produce electricity more reliably and economically and with less environmental impact than conventional technologies or first generation IGCC systems.

With regard to budgetary impact, the FY 1990 budget request for Surface Coal Gasification contains funding in the Power Production and the Gas Stream Cleanup activities for the development of critical components and subsystems that would be a part of second generation IGCC systems. The advantages of second generation IGCC systems were recognized and given priority in the preparation of the FY 1990 budget request. Therefore, no impact is forseen as a result of the preliminary conclusions in the Report to Congress.

Oil Shale

Question: In FY 1989, $10.5 million was provided for eastern and western oil shale research. According to an answer in the record from the FY 1990 House hearing, of the $10.5 million, $6.1 million has been allocated for eastern oil shale research and $4.4 million for western oil shale research. Can you provide for the record an analysis of the difference between eastern and western oil shales and the research?

Answer: Major differences between eastern and western shales are as follows: Eastern shales kerogin is more aromatic than western kerogin, for which reason it forms more char and less liquid products when simply heated to pyrolysis temperature. Heating eastern shale in a hydrogen atmosphere can increase the yield of liquids, but these will still have a higher aromatic content than western shale oils. As to mineral content, western shales contain high amounts of limestone-type minerals that can scrub or capture the sulfur oxide gases (SO_x), whereas eastern shales do not have much of these minerals while containing much higher pyrite content that produces high sulfur concentrations in both oil and gases. Western shale deposits are thick, geographically concentrated, and largely owned by the U.S. government which controls their leasing and therefore development policy, while eastern shale deposits are thin and widespread, privately owned by farmers or by companies that have acquired mineral rights from the landowners, and for the most part not as well appraised as to quantity or extent as are the western shales.

Present DOE sponsored research on eastern shale is heavily weighted toward process development, particularly for processing in hydrogen with relatively little attention to environmental research. A small amount of eastern shale research is directed to its potential for asphalt production, and to mining related research. Western shale research is presently oriented to a strong environmental component in solid waste research with lesser attention to water pollution questions in regard to previous in situ experiments. Also, sulfur and nitrogen chemistry is being studied in relation to hot solids recycle processing. The latter process is the only present western shale oriented process research, and it has also previously been studied utilizing eastern shales.

Question: If you were provided with $10.5 million in FY 1990 with no constraints between eastern and western oil shale, how would you allocate between the regions and what types of research would you perform?

Answer: In an unconstrained program at the $10.5 million level, it would be preferable to achieve greater balance between processing

and environmental research on eastern shales; to strengthen mining and materials handling research for both types of shale; and possibly to reduce the present major emphasis on single processes for eastern and western shales to permit greater evaluation efforts for other concepts. It is anticipated that an unconstrained program on oil shale would maintain reasonable parity between eastern and western shale resources.

Molten Carbonate Fuel Cells

Question: The FY 1988 Conference Report accompanying the Interior bill instructed the Department to issue a new molten carbonate fuel cell (MCFC) program research and development announcement (PRDA) at the earliest possible date. It was the intent of the language to achieve a new PRDA by August 1, 1989, if feasible.

A recently released report from DOE indicates that it is feasible to issue a molten carbonate PRDA by the August 1, 1989 target date. A final decision, however, indicates that this target date will be reached only if industry makes progress toward resolving various technical and engineering problems associated with the technology as well as additional indications on the potential commercialization of this fuel cell.

Why has the research done on this fuel cell not focused on the technical and engineering problems?

Answer: The Department's research on molten carbonate fuel cells (MCFC) since 1980 has focused on cell and stack technical and engineering problems. The progress of R&D has been from individual cell to small area short height stacks leading to larger area taller stacks as part of the scaleup process.

Also, the Electric Power Research Institute (EPRI) program in MCFC R&D has focused on cell and stack technical and engineering issues. The EPRI program is well coordinated with the Department's.

Question: Can you elaborate on what the commercialization problems are and how you would like to see them resolved before proceeding with a PRDA?

Answer: The Department solicited responses from industry on what issues remained before commercialization could be realized. These responses are contained in the Department's April 1, 1989, report to Congress on the feasibility of issuing a MCFC PRDA by August 1, 1989. The respondees included EPRI, the Gas Research Institute and the three current MCFC contractors. Among the issues to be addressed were demonstration of cell life performance, reduction in manufacturing costs for modules and stacks, scaleup and subsystems integration, system durability and reasonable capital cost.

The PRDA is the next step process in the resolution of these issues that would allow commercialization to proceed.

QUESTIONS SUBMITTED BY J. BENNETT JOHNSTON

Strategic Petroleum Reserve

Question: The FY 1989 Interior appropriations bill directed the Department of Energy to provide the committee with a report which delineated the steps necessary to develop sites and facilities necessary to expand the Strategic Petroleum Reserve to one billion barrels capacity upon completion of the currently planned 750 million barrel reserve. While the report contains a lot of data, it appears that its final conclusion is that this issue needs to be studied even further. The report also indicated that such a review is currently underway.

When can we expect to receive a copy of this additional study?

Answer: The Bush Administration has not had an opportunity to complete a careful systematic review of the SPR size issue. The April report described how the SPR could be expanded to 1 billion barrels; it did not address the question of whether or not expansion was desirable. The new review, (which will include new analyses), will squarely address the question: is expansion of the SPR warranted? Expansion of the SPR will cost some $6 billion or more. It seems to us that a decision on a program of that magnitude deserves careful assessment.

Because expanding the SPR to 1 billion barrels from the current 750 million will cost $6-8 billion, the Administration is now in the process of beginning this interagency effort. Prior studies of SPR size have relied on the expertise of agencies such as DOD, CIA, CEA, Treasury, OMB, NSC besides the Department. It is expected that these agencies will again be participating in the effort. The review will be completed in late 1989 and made available to Congress early next year.

Question: What information will be contained in the review that is not already contained in the April 1989 review?

Answer: The April report does not include information on benefits, costs or the strategic implications of increasing the SPR size. The April report, which only was required to describe how the SPR could be expanded to 1 billion barrels, did not have wide interagency review and consequently does not reflect the unique mission perspectives of other interested agencies. It is also important to complete an analysis of SPR-size that, for example, contains interruption scenarios based on security agency assessments, taking into account trends, outlook and sources that a contractor review would not have available.

Other information that will be included in the Administration's review and which was not in the April report includes the following:

-- estimation of the micro and macro-economic impacts and benefits;

-- probabilities of interruption scenarios occurring and possible interruption sizes for future oil supply disruptions;

-- plans by other OECD countries to increase strategic stocks;

-- possible drawdown of private sector safety stocks in severe interruptions;

-- potential surge for oil production in the event of a severe interruption that takes into account surplus oil production capacity worldwide;

-- substitution of other fuels such as natural gas; and

-- short-term petroleum demand elasticities based on the experiences of the 1980s.

Question: How much work has already been done toward completing this additional review?

Answer: Several other agencies have been given copies of related DOE contractor technical reports which will be carefully evaluated as a starting point in completing the Administration's size review. We are in the process of defining review tasks and consulting with the agencies with essential expertise to complete such tasks.

Question: Have you conducted any cost benefit ratio reviews on the expansion issue?

Answer: The Bush Administration has not completed any cost benefit ratio reviews on the expansion issue. Several reviews were done by the Reagan Administration; one in 1982 and another in 1986. The DOE Fossil Energy office had several contractor technical reviews completed in 1988 which address the SPR size question. These draft reviews were made available as contractor-prepared reports which did not necessarily reflect the views of the Administration.

The DOE contractor technical analyses will be used by the Administration as a starting point and will be one of a number of inputs used during the review. The other inputs will include related reviews on world oil market outlook, supply/demand elasticities, IEA and OECD stocks analysis etc. The Administration will complete a thorough, objective review tapping extensive Federal agency expertise and information.

Question: What are the preliminary results?

Answer: The 1988 DOE contractor reviews projected net benefits for most of the cases simulated using contractor developed assumptions, models and simulation cases. These results and the underlying methodology were different from the prior size studies. These contractor assumptions may or may not be assessed as being realistic by the agencies participating in the Administration's review.

Question: Please provide me with a copy of those studies.

Answer: Copies of the Fossil Energy 1988 contractor technical reports are attached.

Question: In any instance, do these reviews indicate that the cost of expansion will outweigh the benefits received? If so, please provide me with the data broken down on a regional basis.

Answer: In the 1988 contractor reviews, some but not all cases suggested that the national economic benefits of expansion beyond 750 million barrels could exceed costs. This information was not broken down on a regional basis. The contractor study included estimates, projections and assumptions that require careful review and evaluation by the experts from the energy, economic and security agencies that have participated in prior studies. Further review of the 1988 analyses is being undertaken to examine among other things the assumptions underlying these results.

Question: Please explain the long term implications of these reviews, keeping in mind projections for future oil imports.

Answer: Oil imports have risen in recent years and are likely to continue to increase as domestic production decreases. In the long run, oil

production will continue to be concentrated in the Persian Gulf OPEC nations. Earlier decisions by the Federal Government to approve plans and schedules for a 750 million barrel Strategic Petroleum Reserve appear very sound in view of these trends. However, any decision to expand the SPR should take a number of factors into account as mentioned earlier, in addition to imports. As noted in our responses to earlier questions, a new interagency review is needed before the Administration will be in a position to decide whether SPR expansion beyond 750 million barrels is beneficial in view of the costs.

Question: What are your projections for oil imports over the next eleven years? What will be the quantity of imports? What percentage of our oil needs will they fill? Please provide this information on a general and country by country basis.

Answer: The oil import and consumption data projections used by this office come from the Energy Information Administration's "Annual Energy Outlook, 1989" report (DOE/EIA/-0383(89). The "base case" forecasts are taken as the projected behavior of the oil market for analytic purposes. Projected petroleum consumption (crude oil plus products) are shown below along with corresponding net import data for the period 1989 through 2000. In that time, imports are projected to increase from 43.7% to 59.8% of U.S. consumption. The average annual growth rate is 0.7%/year in consumption and 4.1%/year in net imports.

EIA Base Case Petroleum Forecasts (Energy Outlook 1989)
(Millions of Barrels--MMB)

	Consumption	Net Imports	% Imports
1989	5830.8	2545.6	43.7
1990	5916.8	2786.4	47.1
1991	5968.4	2958.4	49.6
1992	6020.0	3164.8	52.6
1993	6037.2	3268.0	54.1
1994	6037.2	3354/0	55.6
1995	6054.4	3440.0	56.8
1996	6140.4	3560.4	58.0
1997	6157.6	3577.6	58.1
1998	6174.8	3612.0	58.5
1990	6260.8	6329.6	59.3
2000	6329.6	3784.0	59.8
Annual Growth	0.7%	4.1%	

EIA indicates that they do not publish oil market projections on a country by country basis nor was such data required by any studies done by this office. Consequently, breakout of the detail within the above projections is not available. The Office of Congressional Affairs will provide you with a copy of the EIA report.

Oil and Gas R&D

Question: Statistics indicate that independent operators produced 32 percent of the oil and gas in 1975, increasing to 45 percent in 1986 or 54 percent of that produced in the lower 48. It is estimated that the U.S. may contain some 100 billion barrels of mobile by-passed oil and another 230 billion barrels of immobile oil in known reservoirs. Clearly, it is feasible that it will be the independent operators who will produce the majority of this higher cost by-passed mobile and immobile oil. To do so economically, a considerable amount of R&D and technology transfer will have to occur. The independents do not have R&D staffs, and DOE is the only federal agency supporting R&D. Oil and gas R&D totals about $40 million per year, or about 1 percent of the DOE civilian R&D budget. This is less than the cost of sending one ship to the Arabio-Persian Gulf. This is ludicrous without energy usage and with the potential that we have domestically to reduce our dependency on oil imports. I understand that DOE has received several focused research recommendations to address these needs. How do you plan to implement these recommendations?

Answer: The DOE receives many research recommendations and there is a growing body of literature addressing the character of the oil remaining in the reservoir after conventional extraction processes have reached their technical and economic limits. This oil falls into two classes: mobile and immobile oil. Mobile oil reacts favorably to waterflood recovery techniques, and would have been produced during secondary recovery if it had been contacted; the rest of the oil is not mobile to a water drive and requires a more complicated approach to its production. The immobile oil, which exists in both the swept and unswept zones after a waterflood, has been the continuing target for the Enhanced Oil Recovery program. The remaining mobile oil has not been produced because variations in reservoir parameters that control fluid flow have caused the water to bypass entire portions of the reservoir. Understanding these variations are key to designing extraction processes for both the mobile and immobile oil.

Recently the oil program has been refocused to examine processes for producing this bypassed oil. Special emphasis is now being placed on improving our understanding of reservoir architecture and its impact on fluid flow. In addition, and as Congress requested, the Department's Hydrocarbon Geoscience Research Coordinating Committee is nearing completion of a geoscience strategy that identifies the critical issues. This strategy, upon approval, will be used to guide the development of implementation plans.

Question: How will you allocate the necessary resources to do so?

Answer: At the request of Congress, the DOE is developing a hydrocarbon research strategy. Once completed and approved, it will serve as the guidance for program planning and implementation including the development of procurement plans and budget requests.

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QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Enhanced Oil Recovery

Question: To what extent do you involve universities in the enhanced oil recovery research efforts?

Answer: In the combined heavy and light oil EOR program, funds totaling $3,794,000 in FY 1988 and $4,872,000 in FY 1989 have been allocated to the support of university research respectively through competitive and non-competitive actions and DOE/State Memoranda of Understanding.

Question: How much of that research is awarded by competitive grants?

Answer: The competitive awards for university research in FY 1988 totaled $636,000. In FY 1989 there are no competitive solicitations earmarked for university research only. However, there is approximately $2.7 million used for open, competitive, geoscience solicitations for which universities, as well as others, are eligible.

Question: How much was allocated for competitive grants in FY 1989, and how much is in the proposed FY 1990 budget?

Answer: In FY 1989, competitive solicitations on geoscience are expected to be funded with about $2.7 million of heavy and light oil funds. Although these solicitations are not directed specifically at universities, it is anticipated that the majority of proposals received will be from universities. In FY 1990, competitive actions of this same type are currently budgeted for about $2,318,000.

Question: Please describe the university research programs that have been funded by competitive grants over the past two years.

Answer: In FY 1985, a PRDA was issued and awarded for multiyears. Contracts issued include the following universities:

- University of Texas at Austin - A Systematic Procedure for Reservoir Characterization. ($624,000)
- University of Minnesota - Mechanism of Enhanced Petroleum Recovery Phase Behavior Interfacial Tension, Wettability, Multiphase Flow, Dispersion and Interactions in Heterogeneous Rock. ($800,000)
- Illinois Institute of Technology - Enhanced Oil Recovery through In-Situ Generated Surfactants Augmented by Chemical Injection. ($549,000)
- University of Southern Mississippi - Associative Polymers for Mobility Control in Enhanced Oil Recovery. ($660,000)
- University of Texas at Austin - Modeling and Optimizing Surfactant Structure to Improve Oil Recovery by Chemical Flooding. ($530,000)
- University of Kansas - Investigation of the Application of Gelled Polymer Systems for Permeability Modification in Petroleum Reservoirs. ($590,000)

- University of Oklahoma - EOR by Surfactant Enhanced Volumetric Sweep Efficiency. ($450,000)

- University of Texas at Austin - Modeling and Scale-Up of Chemical Flooding. ($542,000)

- Columbia University - Adsorption from Flooding Solutions in Porous Media: A Study of Interactions of Surfactants and Polymers on Reservoir Minerals ($300,000)

- New Mexico Institute of Mining and Technology - Geoscience Studies with a Focus on Reservoir Heterogeneity in Support of the EOR Program. ($450,000)

- University of Oklahoma - Dispersivity as an Oil Reservoir Rock Characteristic. ($200,000)

University research programs funded by competitive grants over the past 2 years consist of the final years' funding for those contracts awarded as a result of the FY 1985 PRDA. FY 1987 and FY 1988 were the last year funds were applied.

University of Southern Mississippi

Question: Could you describe in a little more detail the research which has been conducted at the University of Southern Mississippi on the use of polymers for oil recovery?

Answer: A fundamental research program is underway to develop new associative polymers which should be significantly more efficient than polymers presently used for Enhanced Oil Recovery (EOR) processes. These novel systems rely on cooperative molecular aggregation for development of viscosity, a behavior in sharp contrast to conventional EOR polymers. Rheological behavior of these macromolecules depends upon carefully controlled hydrophobic interactions between individual polymers chains.

The polymers of this study can circumvent major problems inherent in even the best conventional EOR polymers since molecular weight is usually compromised in order to allow sufficient viscosity and uniform permeation without plugging the porous network. Additionally, conventional polymers are often poor mobility control agents at elevated temperatures and in the presence of calcium and sodium salts.

The impetus for this research has come from studies over the past 10 years in their laboratories sponsored by the U.S. Department of Energy. An emerging understanding of the mechanism of mobility control, technological advances in synthesis and characterization, and a strong interdisciplinary team of faculty and students continue to be factors which are leading to successful completion of their research.

Question: Are you aware of any similar research which is being done elsewhere?

Answer: To our knowledge, the associative polymer research being performed at the University of Southern Mississippi is unique to DOE's EOR research program. If industry is performing similar advanced research, it is of a proprietary nature.

Question: What funding and/or legislative language is necessary in FY 1990 to continue this program with a specific earmark on a competitive basis in the overall program?

Answer: As previously indicated, a significant portion of the FY 1990 Enhanced Oil Recovery program will be available for competitive procurement. We encourage the University of Southern Mississippi to compete in this program area for follow on work and no additional legislative language is necessary.

QUESTIONS SUBMITTED BY SENATOR QUENTIN N. BURDICK

UNDEMRC

Question: Mr. Assistant Secretary, the Energy and Mineral Research Center at the University of North Dakota continues to be the national and international leader in research on low rank coals, groundwater and related environmental topics. The Department of Energy has played an important role through the funds provided in the Cooperative Agreement in maintaining EMRC's prominence in this research.

Last year, Congress directed the Department of Energy to continue at least the current level of funding, $4.3 million, for the EMRC Cooperative Agreement. While the cooperative agreement used to be the mainstay of the EMRC -- representing 81% of its budget from 1983-1986 -- it currently represents only 34% of the budget. This illustrates the success of the EMRC in attracting non-Federal contracts and winning competitive awards from DOE and other government agencies.

However, the cooperative agreement continues to play a crucial role at the EMRC since it is the only source of funding to support essential basic and high-risk research that is not project specific; it is, simply, the bedrock of the EMRC research effort. And, because it is basic research, it is not particularly attractive to non-Federal contractors. In the past, you have recognized the important function of the cooperative agreement and have committed an additional $1.2 million annually through fiscal year 1997.

Mr. Wampler, could you confirm this additional $1.2 million which is to be available in FY 1989 and subsequent years?

Answer: Regarding the Department of Energy's continued support for the Energy and Mineral Research Center (EMRC) at the University of North Dakota, the present Cooperative Agreement provides for levelized funding of $5.5 million per year from FY 1989 until FY 1992 subject to the availability of funds. The Office of Fossil Energy is currently amending the agreement to provide for a possible five-year extension if mutually agreed to by the parties involved.

Question: Could you also discuss briefly the intended use of the $5.5 million annual funding level of the cooperative agreement which I understand will be targeted to developing both basic research and joint ventures?

Answer: The research to be conducted for the $5.5 million in FY 1989 will have jointly sponsored tasks of $1.243 million and basic

research of $4.257 million in the areas of control technology and coal preparation, advanced research and technology development, coal liquefaction, combustion systems, heat engines, surface coal gasification, and advanced extraction and process technology.

QUESTION SUBMITTED BY SENATOR DON NICKLES

Caddo Pine Island Light Oil Mining Project

Question: Please explain in detail the reasons for the continuing delay in obligating the funds appropriated for the Caddo Pine Island Light Oil Mining Project.

Answer: The Improved Gravity Drainage Company (IGD) (composed of Keplinger Production Company and TQR, Inc.,) is currently being audited by the Defense Contract Audit Agency (DCAA). This type of audit is required for large awards for grants such as the $7,200,000 to be made to IGD for the Caddo Pine Island Light Oil Mining Project.

The Bartlesville Project Office (BPO) of the Department of Energy (DOE) has requested from the procurement office of the Pittsburgh Energy Technology Center (PETC) that a letter of intent containing a clause for allowance of pre-award costs for an amount of $800,000 be issued to the IGD for the Caddo Pine Island Light Oil Mining Project. The other $800,000 of the total $1,600,000 would be awarded to IGD when the grant package is completed.

It appears that the pre-award grant cannot be made until the DCAA audit is essentially completed and DCAA has verbally informed PETC that the IGD companies have:

a. financial responsibility and
b. a DOE type accounting system exists in the companies

Currently, IGD is cooperating with DCAA and PETC on this audit and hopefully the pre-award grant can be made in the near future.

Once the pre-award grant is made to IGD, the complete grant will be processed by PETC.

SUBCOMMITTEE RECESS

Chairman BYRD. The subcommittee will stand in recess until Wednesday, April 19 at 1:30 p.m., when we will consider the fiscal year 1990 estimates for territorial and international affairs of the Department of the Interior.

Thank you very much for running a good shop and knowing what you're talking about when you appear before the subcommittee.

Mr. WAMPLER. Thank you Mr. Chairman.

[Whereupon, at 12:15 p.m., Monday, April 17, the subcommittee was recessed, to reconvene at 1:30 p.m., Wednesday, April 19.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

WEDNESDAY, APRIL 19, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 1:40 p.m., in room SD–192, Dirksen Senate Office Building, Hon. J. Bennett Johnston presiding.

Present: Senator Johnston.

TERRITORIAL AFFAIRS

VIRGIN ISLANDS

STATEMENT OF HON. RON DE LUGO, CHAIRMAN, HOUSE SUBCOMMITTEE ON INSULAR AND INTERNATIONAL AFFAIRS

ACCOMPANIED BY HON. ALEXANDER FARRELLY, GOVERNOR, VIRGIN ISLANDS

OPENING REMARKS

Senator JOHNSTON. Ladies and gentlemen, welcome to the committee.

As you know, we are on a very, very tight time schedule this afternoon. We are in the midst of budget markup, so I will have to be going back and forth to the Budget Committee.

As is our custom, we have asked each of you to give written statements, which are in the record and which are very well done, and the staff has already read those completely. I have not completely read them yet. But we will. And it will not be necessary for you to repeat everything in your written statement. We would mainly like to get a little flavor and like to get just a few high points.

With each delegation we have asked the Governor or the Governor's representative to testify. So, we will not need to hear from the accompanying group, although we are very pleased to have the accompanying group with them.

We ask that you hold your statements to less than 5 minutes because since I have to go to the Budget Committee, we will not have time to hear from everyone. So, please, if you would, hold your statements to less than 5 minutes.

We begin with our friends from the Virgin Islands, the very, very great delegate Ron de Lugo, accompanied by Governor Farrelly.

Mr. DE LUGO. Thank you very much, Mr. Chairman.

I know you have been spending a lot of time in Puerto Rico, where we have a resident commissioner and a fine man. I will take the 4-year term which goes with that title. [Laughter.]

Senator JOHNSTON. Well, we will do that. I will move for you.

Mr. DE LUGO. Thank you very much, Mr. Chairman.

I am going to be very brief. My main function here today is to introduce our Governor, who is with us, Governor Farrelly. I have a prepared statement. I am going to put it in the record. I am not going to take up the time.

The statement touches on the priorities reported out on the House side of the subcommittee, the authorizing subcommittee that I chair. And because of the workload that you are facing today, I am just going to put it in the record.

I would say that the presentation this morning on the House side was so ably done by the various territories and the Commonwealth of the Northern Marianas. They make a very strong case for their needs, and I support that.

OIL TANK FARM

You will hear, I am sure, today a point that was made on the House side regarding American Samoa. And this is something that I saw with my own eyes. We went out there, as I think you know, during February with the new Secretary of the Interior. Chairman Udall led a delegation out there. There were 12 members, bipartisan, Republicans and Democrats.

There is a need to do something about the oil tank farm that exists in downtown Pago Pago on American Samoa. It is a very dangerous situation.

BROWN TREE SNAKE

The other thing was that the administration's recommendation for a $2 million grant for the brown snakes of Guam. We feel that that is unrealistic. There is not that support. We found that the real priority in Guam is the hospital needs. And we would recommend that some other source of funding be found, some other program, rather than to take it out of the money that is so desperately needed for hospitals and other priorities. But that case will be made by those who are representing Guam.

GOLDEN GROVE PRISON

Governor Farrelly is well qualified to explain our primary request, which is $3 million more than the Interior Department proposes to expand the Golden Grove prison. Governor Farrelly, before he became Governor, spent nearly all of his adult life in the criminal justice system. He was a Federal prosecutor. He was a judge.

Senator JOHNSTON. Yes, we know Governor Farrelly very, very well.

Mr. DE LUGO. He was a superb defense counsel. Perhaps he was too good as a defense counsel. He used to keep the jail population down. Since he has gone to Government House, it has expanded greatly.

Senator JOHNSTON. Governor Farrelly is not going to have any time if you use it up. [Laughter.]

Mr. DE LUGO. I want to give Governor Farrelly his time right now.

I want to put in one pitch, though, Mr. Chairman. And that is for the $2.5 million that we would like to get funding for. It was authorized in the drug bill, and this is for a rehabilitation center.

Now here is the Governor.

[The statement follows:]

STATEMENT OF RON DE LUGO

My primary purpose in appearing today is to introduce the Governor of the Virgin Islands.

Governor Farrelly is especially well-qualified to explain our primary request: $3 million more than the Interior Department proposes to expand the Golden Grove Prison. He has worked in the criminal justice system for most of his life as a federal prosecutor, judge, defense counsel, and legislator.

But, before I introduce the governor, I want to outline the other changes to the department's budget that were recommended by the House authorizing subcommittee, which I chair.

These recommendations were adopted within spending levels agreed upon on a bipartisan basis. I expand upon them in the attachment to my statement which I request be made a part of the record.

We budgeted a $450,000 increase for the Office of Territorial and International Affairs for the Micronesian field representatives. We also recommended that technical assistance be continued at the current level rather than be cut.

We estimated an increase of $12.9 million to fulfill Trust Territory responsibilities. Most of this is to fix essential infrastructure which was improperly built. $200,000 is for a Compact referendum in Palau and a like amount is for administrative costs.

For the Compact states, the long outstanding pledge for improvements to the Community College of Micronesia should be redeemed at a cost of $8 million. The agreed-upon Enewetak Atoll support requires $1.1 million.

American Samoa needs an increase of at least $5.4 million for operations and essential capital improvements, such as recovery from Hurricane Tusi and school and hospital repairs.

Local appropriations of $7.5 million for hospital repairs in Guam should be matched by a $4.2 million federal contribution. The territory also needs $3 million for a mental health center. But snake eradication should be funded through other programs rather than a $2 million grant. We estimated tax rebates at $299,000 higher than the department's estimate.

The Northern Mariana Islands should be provided the $4 million balance of the authorization for the federal share of the long overdue Saipan harbor improvements. The commonwealth should also be provided $125,000 in anti-drug abuse funding of the type the department recommends for American Samoa and Guam.

The agreement that has finally been reached to authorize the Palau Compact to be implemented requires $5.8 million for hospital and jail improvements. They are the new Secretary's highest priority because current conditions are "appalling".

An additional $300,000 needs to be provided to help Palau set up its special prosecutor and public auditor attack on corruption that was revealed through our investigation. I believe $400,000 will also be needed for enforcement of narcotics and other laws and treatment of narcotics and other substance abuse.

In addition to the $3 million increase for prison expansion essential because of serious overcrowding and crime problems, the Virgin Islands should be granted $2.5 million for the badly-needed substance abuse center that was authorized by last year's anti-drug abuse act. Federal tax collections for the territory should also be estimated at $6,025,000 higher than the department has, based on current figures and the intent of the federal-territorial relationship.

Let me now introduce my governor to address our priority request.

MEMORANDUM FROM RON DE LUGO

March 16, 1989

MEMORANDUM FOR MEMBERS OF THE COMMITTEE
ON INTERIOR AND INSULAR AFFAIRS

FROM: RON DE LUGO, Chairman, Subcommittee
on Insular and International Affairs

SUBJECT: Subcommittee FY '90 budget recommendations

Attached are draft detailed recommendations for federal spending for the insular areas discussed when the Committee considered the estimates for the FY '90 budget. Please have the Subcommittee staff office contacted at 5-9297 if you have any questions or comments.

Attachment

RECOMMENDATIONS OF THE SUBCOMMITTEE ON INSULAR AND INTERNATIONAL AFFAIRS

Supplementing the report to the Committee on the Budget of the Views and Estimates of the Committee on Interior and Insular Affairs, House of Representatives on the Budget Proposed for fiscal year 1990, submitted pursuant to section 301 of the Congressional Budget Act of 1974

DEPARTMENT OF THE INTERIOR

ADMINISTRATION OF TERRITORIES

GUAM

Hospital Improvements

Helping to make decent health care facilities accessible to the peoples of the insular areas has been a priority of the Committee.

In Guam, this has included making available funding for the purchase of and renovations to what is now the Guam Memorial Hospital. (The hospital replaced an older facility.)

In 1983, the hospital's accreditation was revoked because of numerous structural, patient care, and administrative problems, imperiling Medicare and Medicaid assistance. The Committee recommended assistance and $5,610,000 was appropriated for fiscal year 1985 for the necessary improvements.

Phase One of the work, which would correct safety, physical plant, and equipment deficiencies, is now almost complete. Phase Two, which involves improving hospital administration, is also underway. Phase Three, which would build two new wings and remodel the existing facility, is being planned.

The existing appropriation and some $7,500,000 in local appropriations are funding the projects. But their total is some $4,200,000 less than the amount needed for construction and equipment costs.

About $2,200,000 would be spent to expand the cardiac and intensive care unit from nine to 14 beds; remodel the emergency room and the surgical suite; expand the laboratory; and remodel the medical and surgical wards, expanding bed capacity.

Approximately $2,000,000 would be used to acquire equipment for the delivery room, food service, physical therapy, medical records, the obstetrics unit, as well as air conditioning.

The $4,200,000 needed is included within the Committee's estimates.

Mental Health Facility

Guam's mental health facility is housed in the island's former hospital building. It is dilapidated and dangerous. It cannot meet federal standards or eligibility for third party payment for services.

After a recommendation by the Committee, $2,190,000 was appropriated for fiscal year 1987. It is being used with local funding for Phase One of an improvements plan which would build a new building. Construction across from the Guam Memorial Hospital should begin soon.

Phase Two of the plan would build another building to house a children's treatment center. It would cost $3,000,000.

This amount is included in the Committee's estimates.

Drug Abuse Prevention

The U.S. Insular Areas Drug Abuse Act of 1986, as amended, authorizes annual grants of $500,000 for drug abuse prevention and treatment in Guam. Funds may be used for training, equipment, and technical assistance needs.

Drug abuse in an increasing problem in Guam, particularly in light of drugs being smuggled from Palau. In fact, 41 of 63 heroin arrests in 1987 were Palau related.

The territory also needs this assistance because of a reduction in Department of Justice assistance to Guam under the Anti-Drug Abuse Act of 1988. By defining the Northern Mariana Islands, Guam, and American Samoa as a single state for the purposes of this assistance, the anti-drug abuse act substantially reduced assistance for the territory. The

Committee intends to try to have what it understands was an unintentional consequence of the anti-drug abuse act corrected.

The Department of the Interior's budget for fiscal year 1990 includes $500,000 for drug abuse prevention and treatment in Guam. The amount is included in the Committee's estimates.

Brown Tree Snake Eradication

Brown tree snakes were inadvertently brought to Guam some 40 years ago. According to the Department of the Interior, there are now some 4.5 million snakes on the 212 square mile island. But this estimate is scoffed at by some Guam leaders.

These reptiles are said to have eliminated a number of species of birds on the island and to have caused millions of dollars of damage to the island's power system. The snake is said to be mildly venomous and has bitten at least one small child.

Governments of islands near to Guam are concerned that the snake will migrate to their islands.

The Department of the Interior's budget for fiscal year 1990 proposes $2,000,000 for technical assistance to Guam for snake eradication. The assistance would be provided jointly by the Office of Territorial and International Affairs and the Fish and Wildlife Service of the Interior Department and the Departments of Agriculture and Defense.

The territorial government has not requested this assistance and opposes the special technical assistance grant.

The Committee believes that the presence on Guam and spread of the snake to other islands is a problem that should be addressed by the agencies which would provide the technical assistance to Guam under the Department's proposal without the need for a special appropriation.

AMERICAN SAMOA

Fiscal Assistance

American Samoa is the only U.S. insular area for which the basic governmental assistance traditionally provided is entirely discretionary from year to year. This arrangement subjects the

operations of the local government to the pressures of the federal budget situation even more than is the case for the other U.S. insular areas.

In its reports on the fiscal years 1987 and 1988 budgets, the Committee said that the basic support for the territory should be regularized so that services provided the people would not be so reliant on discretionary budget decisions. The Department of the Interior's proposal for American Samoa assistance in fiscal year 1990 provides yet another example of why such a change in budget policy is needed.

The Department has again proposed to virtually freeze operations assistance at the level appropriated for fiscal year 1987. The apparent reasons are a desire to limit federal spending and an attempt to force the territorial government to either limit its overall spending or meet increased costs through local resources.

These may be supportable goals. But they do not suggest that need was the most important factor employed in the decision of what assistance to provide. Indeed, the territory's leaders are united in believing that the need for government operations assistance is $1,800,000 greater than the proposal.

The Committee's estimates include $26,250,000 for general fiscal assistance to American Samoa. This includes the $20,850,000 proposed by the Interior Department for government operations as well as $5.4 million for other needs.

The Committee believes this additional amount should be used for the highest priority needs, whether of an operational or capital improvements nature.

The Committee would like the Interior Department and the American Samoa government to reach agreement on the priorities for this spending within the list of projects the Committee recommends in this report or for imperative operational expenses. It expects that other potential funding sources for these projects will be explored and that agreed upon recommendations will be reported to the Appropriations Committee. It is hoped that the Appropriations Committee will make final decisions on the projects based on the agreements.

Additionally, the Department is expected to propose a more reasonable (in terms of need) budget for assistance to American

Samoa in fiscal year 1991. The Committee recognizes that some funds spent in the territory are wasted and abused -- as they are in many other areas where federal funds are spent. But the Committee believes that this fact of life requires a serious effort to try to improve spending practices rather than a reaction of simply limiting federal assistance.

The section of this report which follows this one explains the highest priority project, essential safety repairs to the territory's petroleum storage facility. It is hoped that these repairs can be funded through supplemental appropriations for fiscal year 1989. If they are not, the Committee would regard this project as the highest priority for fiscal year 1990 and put it at the top of the list which follows of projects which should be undertaken to the extent that funding is available.

Hurricane Tusi Recovery Program: $1,553,000 has been requested to fund the costs of the storm which devastated the Manu'a islands that have not been underwritten by the Federal Emergency Management Agency. Needs relate to the medical dispensaries, roads, housing, and seawalls.

School buses and facilities maintenance: A number of buses are excessively old and should be replaced. $350,000 has been requested for ten new buses. $2,000,000 has been requested to begin a program of repairing roofs, replacing windows, and making other renovations to 23 elementary and five high schools, most of which are over 20 years old. Many classrooms are substandard because they were hurriedly built to accommodate an increase in the school population.

LBJ Hospital Roof Repairs: $700,000 has been requested to replace the deteriorated roof of the territory's only hospital.

High Court Renovations: The historic High Court building needs structural repairs so badly that its safety is open to question. Necessary improvements are estimated to cost between $750,000 and $1,000,000.

High school gymnasiums: Physical training is an important part of the education of the young. Yet, American Samoa's high schools lack the gymnasiums needed for many athletic activities. Funds have been appropriated for two of these gyms. $715,000 has been requested to construct three others.

Petroleum Storage Facility

The only petroleum storage facility in American Samoa was constructed by the Navy during World War Two. (Even now, the military consumes 40% of the jet fuel used in the islands.)

A former private operator of the facility let it deteriorate to the point where it now cannot be repaired, endangering fuel supply and creating a significant safety, environmental, and health hazard. Homes were built in between the two areas of tanks that were built by the Navy close but not adjacent to one another and this has been responsible for much of the safety risk.

Over the past two years, two motor gasoline tanks and the jet fuel tank have ruptured. In the case of the jet fuel tank, a spill of 80,000 gallons required the evacuation of 200 people for three days. On three occasions during the past year, pipelines have broken and leaked.

$1,000,000 was appropriated for fiscal year 1988 to begin the needed improvements. These funds are being used, in combination with local funds, to replace the motor gasoline and jet fuel tanks. The territory has also used local funds to relocate residents who lived closest to the tanks.

The 1988 appropriation required a report on the additional work that needs to be done to remedy this situation. The Committee understands that this report will identify $7,215,000 in additional work that needs to be done over a three year period. $3,315,000 of these costs are planned for fiscal year 1990, primarily to replace other tanks and lines.

The $7,215,000 program will not fund all additional improvements, including further relocation of non-facility related buildings. The territory will fund substantial other costs to the extent of over $500,000 per year through a one cent per gallon tax on all fuel passing through the facility.

As indicated in the preceding section, the Committee believes that the need to complete the entire project is so urgent that funds should be provided through supplemental appropriations for fiscal year 1989. It believes that $3,315,000 should be funded in fiscal year 1990 if supplemental appropriations are not provided during this fiscal year.

Drug Abuse Prevention

The U.S. Insular Areas Drug Abuse Act of 1986, as amended, authorizes annual grants of $350,000 for drug abuse prevention and treatment in American Samoa. Funds may be used for training, equipment, and technical assistance needs.

The Committee understands that drug abuse has become so prevalent that nearly half of all high school students in American Samoa have used marijuana.

The territory also needs this assistance because of a reduction in Department of Justice assistance to American Samoa under the Anti-Drug Abuse Act of 1988. By defining the Northern Mariana Islands, Guam, and American Samoa as a single state for the purpose of this assistance, the anti-drug abuse act substantially reduced assistance for the territory. The Committee intends to try to have what it understands was an unintentional consequence of the anti-drug abuse act corrected.

The Department of the Interior's budget for fiscal year 1990 includes $350,000 for drug abuse prevention and treatment in American Samoa. The amount is included in the Committee's estimates.

Water System

Appropriations have been made after the Committee recommendations to expand and improve the water system in American Samoa. The deficiencies include a substantial portion of the island not being served by public water and serious inadequacies in areas that are served.

The Department of the Interior's budget for fiscal year 1990 proposes $2,050,000 for three important water projects. This amount is included in the Committee's estimates. The Committee notes in supporting appropriations for this purpose, however, that they are important for attaining minimum quality of life standards in American Samoa as well as for economic development reasons.

$390,000 would be spent to develop a water system for Masefau. The Environmental Protection Agency has determined that existing conditions violate water quality standards.

$260,000 would be spent to improve the system on Aunu'u, which lacks storage capacity, suffers from leaks, and is subject to contamination.

$1,400,000 would be spent for a 1.5 million gallon water tank at Tafuna. It would ensure an adequate water supply for Tafuna and Pago Pago harbor, including the tuna canneries.

VIRGIN ISLANDS

Prison

Crime has become a very serious problem in the Virgin Islands. It now imposes substantial social and economic costs and the quality of life of every resident is affected.

Detracting from the territory's ability to control crime are seriously inadequate prison facilities.

The territory has been forced to agree that conditions in the primary prison at Golden Grove, St. Croix violate prisoners' civil rights. Under the agreement, the territory was to correct safety-threatening conditions as well as other problems caused by overcrowding.

Golden Grove now houses some 175 of the territory's sentenced inmates even though its capacity is just 135. Another 73 inmates are kept in St. Thomas, which has no capacity for long-term detention.

The number of temporary detainees in St. Croix is twice the capacity and the number of temporary prisoners in St. Thomas far exceeds capacity. Space is at such a premium at the St. Thomas jail that federal agency requests for detention of federal prisoners must routinely be denied.

The Department of the Interior's budget for fiscal year 1990 proposes $2,000,000 for design and construction of a 100-bed barracks at Golden Grove and renovation of other facilities. The Committee understands this amount to be inadequate and believes the proposed capacity for the barracks should be greater.

The Committee's estimates include $5,000,000 for the

anticipated cost of needed facilities to house 127 prisoners. The Committee intends to report legislation authorizing this appropriation.

Drug Abuse Treatment Center

In recent years, drug traffickers have come to use the Virgin Islands to smuggle narcotics into the large and lucrative U.S. market. According to a report by the last administration, the islands "have become a major transshipment point for narcotics".

Local drug abuse is, in part, a byproduct of this illicit activity. Cocaine, crack-cocaine, heroin, and other drugs have been abused at increasingly alarming rates.

Prevention efforts, including both law enforcement and education, can reduce some drug abuse in the territory. Treatment of the many individuals already using drugs is also required.

The territory lacks facilities for this treatment. Adult abusers compete with other acute cases for limited hospital bed space; there are no facilities appropriate for young abusers.

The Insular Areas Drug Abuse Amendments of 1988 authorized $2,500,000 for a substance abuse rehabilitation center in the Virgin Islands. The Committee's believes that the need for this center is so urgent that funding ought to be provided through supplemental appropriations for fiscal year 1989. The amount is included in the estimates for fiscal year 1990, however, in the event that funds for the project are not provided during the current fiscal year.

NORTHERN MARIANA ISLANDS

Fiscal Assistance

The federal relationship with the newest member of the American political family was established by the approval in Public Law 94-241 of the Covenant to Establish the Commonwealth of the Northern Mariana Islands in Political Union with the United States.

Among the obligations that the United States assumed through the Covenant was the obligation to provide direct financial support for local government operations, capital improvements, and economic development for seven years after the year of approval of the Covenant. The Covenant contemplated additional assistance for periods beyond the initial seven years.

As required by the Covenant, representatives of the President and the Governor agreed in 1985 in a seven-year package of guaranteed assistance for fiscal years 1986 through 1992. It totaled $228,000,000. The Department of the Interior subsequently requested that Congress amend the Covenant to provide the assistance.

Northern Mariana Islands representatives raised concerns with the Committee about a number of provisions of the agreement as it was being developed, however. After the agreement was signed, they indicated that the last administration's representatives insisted upon acceptance of the points at issue if there was to be any agreement at all.

The Congress agreed with some -- although not all -- of the commonwealth's concerns, and had additional reservations as well. At the same time, it generally approved of most of the goals of the agreement, although it disagreed with the proposed means of accomplishing them.

In the Omnibus Insular Areas Act of 1986, Congress declined to approve the agreement itself. However, it authorized the requested assistance to the commonwealth and approved some -- but not all -- of the terms of the proposal.

Most importantly, Congress declined to grant the Secretary of the Interior authority to withhold the guaranteed assistance if the terms of the agreement were not met. As an alternative, the Secretary was authorized to request authorization from Congress to withhold funds if the agreement terms were not met.

This bipartisan compromise reserved final judgement on most agreement terms. The terms of the agreement approved by law are only those specifically contained in Public Law 99-396 and explained in the debate on it.

Other terms, however, were intended to be adhered to as mutually desired by the Department and the commonwealth. The

statute permits the agreement to stand as an agreement between the parties although it did not approve the agreement.

Officials of the last administration twice tried to amend the authorization through appropriations legislation. Their goal was to approve all of the terms of their original proposal for this assistance. Such amendments were opposed by the Committee, would have violated the Rules of the House, and were not approved.

Committee Members have, though, expressed a willingness to work with Departmental and commonwealth officials and other committees of the Congress on any needed amendments to the authorization.

To prevent misunderstandings about the nature of this assistance, the Committee believes that it should not be included as a discretionary appropriation within the category of Administration of Territories spending but should, instead, be accounted as an entitlement payment under the permanent and trusts section of the budget as are similar commitments of assistance to other insular areas.

The Committee has included the $33,850,000 required by P.L. 99-396 in its estimates.

Saipan Harbor

The Corps of Engineers completed a study in 1981 of the need for port facilities in the Northern Mariana Islands which was required by a provision of the Omnibus Territories Act of 1980 which originated in the Committee. The report concluded that the commonwealth's ports needed improvement.

In particular, the study noted that even common-sized vessels could not be accommodated at the primary port in Saipan. Other problems at the port have been caused by seismic activity, aging, and weathering. The deficiencies delay shipping, increase costs, and hinder economic development.

A provision in the Water Resources, Conservation, and Infrastructure Improvement Act of 1986 which originated in the Committee authorized $14,000,000 for improvements. Estimates since that time have placed the total cost of the project at $42,000,000.

After a recommendation by the Committee, $10,000,000 was appropriated for the project in fiscal year 1989. The commonwealth has committed $13,500,000 in other funds to it.

The Committee's estimates include the additional $4,000,000 authorized for this project. The Committee expects the Department of the Interior and the commonwealth to agree on a plan to fund the balance of the total project cost.

Drug Abuse Prevention

The U.S. Insular Areas Drug Abuse Act of 1986, as amended, authorizes annual grants of $125,000 for drug abuse prevention and treatment in the Northern Mariana Islands. Funds may be used for training, equipment, and technical assistance needs.

Although the Department of the Interior's budget for fiscal year 1990 proposes spending for these needs in Guam and American Samoa, it does not propose similar assistance for the Northern Mariana Islands. The Office of Territorial and International Affairs has not provided a good reason for this omission.

Drug abuse is an increasing problem in the commonwealth, particularly in light of drugs being smuggled from Palau. A report by the last administration revealed that the Japanese Yakuza have established operations in the commonwealth.

The commonwealth also needs this assistance because of a reduction in Department of Justice assistance to the Northern Mariana Islands under the Anti-Drug Abuse Act of 1988. By defining the Northern Mariana Islands, Guam, and American Samoa as a single state for the purpose of this assistance, the anti-drug abuse act substantially reduced assistance for the commonwealth. The Committee intends to try to have what it understands was an unintentional consequence of the anti-drug abuse act corrected.

$125,000 is included in the estimates for Northern Mariana Islands drug abuse prevention and treatment.

TERRITORIAL ADMINISTRATION

Office of Territorial and International Affairs

The Department of the Interior's Office of Territorial and International Affairs is charged with being an advocate within

the federal government for the insular areas other than Puerto Rico. The office is supposed to provide financial and technical assistance to American Samoa, Guam, the Northern Mariana Islands, the Virgin Islands, Palau, the Federated States of Micronesia, and the Marshall Islands. It is also intended to coordinate programs of other agencies in the freely associated states.

The Committee continues to have serious concerns about the effectiveness of the Office in carrying out its functions and in protecting and promoting insular interests as national foreign and domestic policies are made. These concerns are shared by the Committee's counterpart committee in the Senate.

The Committee recognizes that the functioning of the Office is handicapped by a lack of a clear definition of mission and authority, particularly as the Office is to relate to other federal offices. The Committee hopes that the new Secretary of the Interior will work with it to improve the federal executive organizational arrangement for insular matters.

In addition to matters concerning the insular areas other than Puerto Rico, the Office is also responsible for the coordination of all Department of the Interior activities abroad. As is the case with the Office's insular authority, legislation is also needed to clarify this role.

The Committee's estimates include $3,396,000 for the Office. The $450,000 over the President's request are for technical and financial assistance field coordination offices in Palau, the Federated States of Micronesia, and the Marshall Islands.

The Compact of Free Association Act of 1985 assigns the Department of the Interior responsibility for almost all financial and program assistance to the freely associated states -- in excess of $3 billion -- over the first 15 years of the Compacts.

It was intended that the Office of Territorial and International Affairs would station personnel in the Federated States of Micronesia, the Marshall Islands, and Palau to provide, coordinate, and oversee the technical, financial, and program assistance by all agencies. (The Department currently stations field personnel in the U.S. insular areas).

Unfortunately, the Department has failed to carry out the

intent of the law in this regard even though it requested that it be assigned responsibilities in the freely associated states under the Compact. (This request was made unofficially and contrary to the last administration's proposal to assign all Compact responsibilities to the Department of State.)

The Interior Department's failures to carry out the freely associated state responsibilities it won have forced the State Department to carry out a number of these responsibilities in the Federated States and the Marshall Islands. (This is also the case in Palau even though the Compact with Palau has not been approved.)

By not doing more, the Interior Department has deprived the freely associated states of assistance that they are supposed to receive. It has also encouraged the idea of shifting insular responsibilities away from the Department.

The different versions of the legislation required to authorize the Compact with Palau to be put into effect passed by both Houses of Congress last October would require the Interior Department to station assistance coordinators in each of the freely associated states.

Although agreement on the legislation was reached too late to be enacted during the 100th Congress, it is expected to be enacted this year. The agreed-upon legislation has been introduced and Committee Members have been given assurances that the new administration will commit to "live-up-to" the agreement.

Further, the Committee understands that the new Secretary of the Interior is planning to adhere to the intent of the existing law and station personnel in the freely associated states.

Technical Assistance

Providing technical assistance in the insular areas is one of the more successfully performed functions of the Office of Territorial and International Affairs. Despite this, the Committee believes that the Office needs to improve this program.

The reasons for this are that: some congressional technical assistance priorities are not being adequately addressed; the program has not marshalled the resources of other agencies to

meet technical assistance needs as much as it should; and not enough attention is being paid to real developmental needs.

The Committee's estimates include technical assistance spending at the level of $5,425,000 next fiscal year, which is approximately the current level, rather than the $2,200,000 level that the Department of the Interior proposes in its budget for fiscal year 1990. By not proposing other forms of assistance to meet critical insular needs, the Department has made it especially important that technical assistance funding not be reduced.

The Committee expects the program to provide more technical assistance for insular law enforcement; capital development financing; local small business development; and regional cooperation than it is at present. Enhanced efforts to improve and standardize insular fiscal management capabilities and technology are also supported.

Guam Power Loan

The Congress has taken several initiatives to put the Guam Power Authority (GPA) on a sound footing so that the territory will be assured of reliable, adequate, and reasonable electric power service. These measures include: authorizing a $36,000,000 federal loan; authorizing a refinancing of the loan to extend the repayment period and subsidize interest costs above seven percent; and providing for the transfer of Navy power equipment on the island to GPA.

The Department of the Interior's budget for fiscal year 1990 proposes spending of $1,458,000 for the interest subsidy. This amount is included in the Committee's estimates.

Because of the nature of these payments, the Committee believes that they should be considered an entitlement rather than discretionary spending and urges that future budgets be constructed on this basis.

Maintenance Assistance Fund

In its report on the fiscal year 1988 budget, the Committee urged the Office of Territorial and International Affairs to assist insular governments in operating and maintaining basic infrastructure.

In making this recommendation, the Committee recognized that poor maintenance of essential public facilities increases the need for replacement of deteriorated infrastructure. The Committee has also recognized that insular governments often lack the expertise and resources necessary to maintain capital improvements.

Insular areas often find it so difficult to finance or otherwise develop these facilities that they do not budget enough or plan adequately for operating capital improvements.

The Department of the Interior's budget for fiscal year 1990 proposes the establishment of a new maintenance assistance fund within the Office of Territorial and International Affairs with an initial budget of $2,500,000. Funds would be provided on an equal matching basis for developing maintenance programs, reviewing maintenance work, training, and 'demonstration' projects.

The Committee supports the intent of this initiative. It has included the proposed $2,500,000 within its estimates.

The Committee, however, is also concerned that one aspect of the proposal may conflict with existing law. Additionally, there is a technical concern about the authorization.

The potential conflict concerns the plan to require insular governments to 'match' federal maintenance assistance. The omnibus insular areas act of 1980 required the Interior Department to "waive any requirement for matching funds" and waive "any requirement for local matching funds under $200,000 (including in-kind contributions)" by American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands.

The Department's proposal was made without consideration of these statutory waivers. The Office has not explained why there would not be a conflict between the proposal and the waivers.

The technical concern arises from a possible inconsistency between the authorization the Department cites and the appropriations language it proposes. The Department's authority to provide technical assistance to insular areas (48 U.S.C. 1469d) is cited as authority. The appropriations language the Department proposes would list maintenance assistance separately from technical assistance as a purpose of the appropriation.

If maintenance assistance falls within the authorization for technical assistance -- and the Committee does not dispute that it does -- there is no need for the proposed appropriations language. If there is a need for the proposed appropriations language, there may also be a need for authorization language.

PAYMENTS TO THE U.S. TERRITORIES, FISCAL ASSISTANCE

GUAM

Guam is provided permanent federal financial assistance through advanced payment to it of federal tax, duty, and fee collections derived from the island. Federal payment of these collections is fundamental element of the fiscal relationship between the United States and the territory, and is deeply rooted in insular policy.

The Department of the Interior's budget for fiscal year 1990 proposes that $44,000,000 is needed for this purpose. The Committee's estimates include $44,299,000, the amount actually paid during fiscal year 1988.

VIRGIN ISLANDS

The Virgin Islands is provided permanent federal financial assistance through advanced payment to it of federal tax collections derived from the islands. Federal payment of these collections is a fundamental element of the fiscal relationship between the United States and the territory, and is deeply rooted in federal insular policy.

A problem concerning these payments was created by a provision in the 1984 tax act which originated in the Senate. The provision increased the tax on rum produced in the territory by $2 per gallon (along with an increase of the excise tax on other distilled spirits) but it did not provide for the increase to be paid to the territory. The omission was made for tax policy reasons unrelated to the Virgin Islands.

The Committee has resolved to take whatever action is necessary to ensure full payment of federal taxes to the territory.

The Department of the Interior's budget for fiscal year 1990 estimates that $26,000,000 will be paid to the territory under this provision of law.

$32,025,000 is included in the Committee's estimates. This includes the $26,901,000 actually paid during fiscal year 1988 as well as $5,124,000 to permit payment of the excise tax increase denied in 1984.

TRUST TERRITORY OF THE PACIFIC ISLANDS

Administration

The Secretary of the Interior has been responsible for the governing of the Micronesian islands administered by the United States under a trusteeship agreement with the United Nations Security Council. A Trust Territory Government carried out these responsibilities until most were assumed by constitutional governments in the islands.

Remaining responsibilities include oversight of the government of Palau; completion of capital improvement projects, including correction of deficiencies; and close-out of records. Unfortunately, the Department of the Interior's performance of these responsibilities has not lived up to our Nation's international obligations or its moral obligations to the peoples of Micronesia.

The Department of the Interior's budget for fiscal year 1990 proposes $300,000 for administration of the Trust Territory. This minimal amount is increased to $500,000 in the Committee's estimates. Even with this increase, the amount will only be adequate if the other Trust Territory funding proposed in this report is provided.

Deficit Elimination

During the early 1970s, the Trust Territory Government began to operate on a deficit basis. The deficit was financed by borrowing from funds appropriated for capital improvements. (A device that was possible because of the lag time between obligations and outlays).

With the establishment of local constitutional governments in the Trust Territory, the work of the Trust Territory Government has been all but phased out. So now, with the passage of time, the deficit has become more pressing.

$5,000,000 was provided in fiscal year 1988 to pay off these debts. The current balance is estimated at $18,000,000, (not including another approximately $4,000,000 owed to other agencies, a $22,000,000 judgment under appeal, and certain contractor claims). The Department of the Interior's budget for fiscal year 1990 proposes the appropriation of another $3,000,000 for the debts.

The Committee has included this amount in its estimates even though it is inadequate for fully meeting the obligations. The Committee has not increased the proposal because it believes that the Office of Territorial and International Affairs should propose a realistic program for meeting these United States responsibilities.

Capital Improvements

A major capital improvements program was undertaken in the Trust Territory of the Pacific Islands to meet United States obligations for social, economic, and political development there. Unfortunately, much of the infrastructure installed by the Department of the Interior under this program was defective.

In an understanding with this Committee, the Senate Committee on Energy and Natural Resources asked the Department to evaluate deficiencies of Trust Territory infrastructure due to construction and maintenance.

A report last year estimated that necessary improvements for some 43 projects in Palau, the Federated States of Micronesia and the Marshall Islands would cost $33,847,950.

After the report, Committee and other Members proposed requiring that this work be done in legislation to authorize implementation of the Compact of Free Association with Palau.

Administration supporters requested that the requirement be dropped from the legislation, asserting then that it was too soon to determine now the necessary work should be financed (i.e., by new appropriations, existing Trust Territory appropriations, other federal programs, or by the original contractors).

The request was agreed to on the understanding that the last administration would promptly determine how the necessary work should be financed, particularly for the projects in Palau.

Unfortunately, little, if any, work has been done on the Palau projects since that time. This hinders approval of the Compact, ignores legitimate needs, and undermines the meeting of United States obligations.

Accordingly, the Committee has included $12,500,000 in its estimates which it hopes will be used with other funding sources to make the necessary repairs to essential infrastructure in Palau, the Federated States, and the Marshall Islands as well as to pay the Micronesian medical referral debts explained in the following section of this report.

The infrastructure projects and estimated costs identified in the report prepared for the Interior Department are listed below.

Palau: Koror-Airai water system, $225,000; Angaur water/electrical system, $108,000; Peleliu water system, $157,000; Peleliu electrical system, $90,000; Koror wastewater collection system, $577,000; roads, $581,500; Koror-Babeldaob bridge, $995,000; Airai airport runway, $1,150,000; Koror-Airai power transmission and distribution system, $682,500; electrical generation equipment, $400,000; and school roof repairs, $1,300,000.

Federated States: Lelu-Tofo (Kosrae) water system and treatment plants, $32,500; Kosrae airport, road, and navigational aids, $250,000; Okat harbor (Kosrae) dock, $679,000; Kosrae power plant and distribution system, $285,000; Kolonia (Pohnpei) water system, $614,000; Kolonia road paving/underground utilities, $50,000; Kolonia roadside drainage, $450,000; Pohnpei airport, $1,615,500; Pohnpei power generation and distribution $330,000; Pohnpei hospital, $295,550; Yap water systems, $15,000; Kolonia (Yap) sewerage system, $450,000; Kolonia roads, $96,000; Yap airport fuel stands, $390,000; Yap airport and culverts, $120,000; Yap dock, $86,000; Moen (Truk) roads, $50,000+; Moen airport drainage, $3,000; Moen airport runway and fuel stand, $1,410,000; Moen dock, $1,179,000; Dublon (Truk) dock, $404,400; Dublon waterlines (no estimates); Moen power generator and distribution, $960,000; and Truk water supply and wastewater disposal, (no estimate).

Marshall Islands: Majuro water catchment and reservoirs, $5,000; Majuro dock, $2,279,000; Laura electric lines, $578,000; Majuro hospital, $75,000; Ebeye wastewater treatment and water system, (no estimate); Ebeye dock, $13,000,000; Ebeye hospital, $543,000; and Ebeye road, $600,000.

Medical Referral Debts

One of the weaknesses of United States trusteeship administration of the Territory of the Pacific Islands was that adequate medical systems were not developed. In particular, the ability to treat seriously ill patients was not developed.

It is understandable that this ability was not developed for the most serious cases requiring sophisticated treatment. But it is unfortunate that it applied to illnesses that should have been locally treatable.

The inability of Micronesian hospitals to treat many patients meant that these people had to be sent where they could be treated (Hawaii and Guam in most cases) at great expense. And, since no system of health insurance was developed, the situation imposed great expense on Micronesian governments which could not afford these costs.

Because medical referral debts were incurred during a period of United States responsibility for the health care of the peoples of the Trust Territory, the Compact of Free Association Act of 1985 directed that the United States would pay debts incurred through a date which was expected to be the end of the trusteeship. The law which conditionally approved the Compact with Palau applied this provision to Palau as well.

These laws did not, however, guarantee that medical referral funding would be provided and it has not been. (A fact which has hindered approval of the Compact with Palau.) A further problem is that the Compacts were not implemented by the date specified in existing law in any of the three insular areas involved.

The agreement on legislation to authorize the implementation of the Compact with Palau would require the United States to settle all of these debts. Although this agreement was reached too late to be enacted during the 100th Congress, it is expected to be enacted this year. Legislation required by the agreement has been introduced and there are indications that the new

administration will 'live-up-to' the agreement reached with its predecessor.

The debts involved are some $4.2 million in the case of the Federated States, $2.2 million in the case of the Marshall Islands, and $1.6 million in the case of Palau.

As indicated in the previous section of this report, the Committee has included $12,500,000 in its estimates for this purpose as well as for repair of deficient U.S. built infrastructure. Appropriations for the $8 million total of the medical referral debts is not proposed only because administration officials have indicated that they are developing a plan to retire the debts which may not require full funding through new appropriations.

Palau Referendum

Political development is one of the primary responsibilities of the United States under its trusteeship agreement for the administration of the Pacific Islands Territory. This responsibility includes enabling the peoples of Micronesia to make decisions on their future political status.

Palau is the last part of the Trust Territory to determine its future political status. As it did in the other parts of the Trust Territory, the Department of the Interior has helped Palau underwrite the costs of its political status referenda.

Unfortunately, departmental officials have sometimes tried to make Palau assume referenda costs itself. Funds Palau was to receive for other needs have been used to pay costs of referenda on the Compact of Free Association.

Because of this, the House and Senate agreed last year that Palau should be provided up to $200,000 for a further referendum on the Compact. Agreement to pass the legislation to authorize the Compact's implementation which included this provision was reached but, unfortunately, too late to be enacted in the last Congress.

This legislation is, however, expected to be enacted early in this Congress.

Accordingly, the $200,000 required by the agreement is included in the Committee's estimates.

COMPACT OF FREE ASSOCIATION

FEDERATED STATES OF MICRONESIA|MARSHALL ISLANDS (Current)

Federal Services

The Compact of Free Association Act of 1985 provides for the continuation of the services of several federal agencies in the Federated States of Micronesia and the Marshall Islands. It also provides for U.S. training of diplomats from these governments (and Palau when its Compact with the United States is implemented). It further continues the eligibility of individuals who were students at the time of the effectiveness of the Compact for federal post-secondary educational assistance. A provision which originated in the Committee also required annual audits of Compact assistance to the freely associated states.

The Department of the Interior reimburses most agencies making the expenditures for these purposes.

The Department of the Interior's budget for fiscal year 1990 proposes $280,000 for diplomatic training, $2,460,000 for post-secondary education, $6,870,000 for federal agency services, and $550,000 for auditing in the Federated States and the Marshall Islands. The total of $10,160,000 is included within the Committee's estimates.

Program Grants

The Compact of Free Association Act of 1985 provides for a grant of $10,000,000 annually for 15 years to the Federated States of Micronesia and the Marshall Islands for education and health care. Of this amount, $7,000,000 is provided to the Federated States and $3,000,000 to the Marshall Islands.

The Department of the Interior's budget for fiscal year 1990 proposes this spending, which is included in the Committee's estimates.

Enewetak Support

Enewetak Atoll was contaminated by United States nuclear testing in the 1940s and '50s. A clean-up and resettlement program was undertaken by the United States in the 1970s.

A provision of the Compact of Free Association Act of 1985 which originated in the Committee provided that the United States would help support the people of Enewetak for five years through assistance for an agriculture and food import program.

$1,100,000 was appropriated for this program in both fiscal years 1988 and 1989 as additions to the previous administration's budgets. The Department of the Interior's budget for fiscal year 1990 continues the pattern of not proposing funding for this program, agreement on which helped make enactment of the Compact act possible.

The Committee is disappointed at this omission which suggests an evasion of responsibility but may really be due to a subterfuge relating to the true cost of the budget. The Committee has included $1,100,000 in its estimates to continue the program.

PALAU (Current)

Federal Services

When the Compact of Free Association with Palau is implemented, the services of several federal agencies in the islands will continue. The eligibility of individuals who are students at the time of the effectiveness of the Compact for federal post-secondary educational assistance will also be continued. A provision of law which originated in the Committee will also require annual audits of federal assistance to Palau.

The Department of the Interior will reimburse most agencies making the expenditures for these purposes.

The Department of the Interior's budget for fiscal year 1990 proposes $1,020,000 for federal services, $1,200,000 for post-secondary education, and $300,000 for auditing in Palau. The total of $2,520,000 is included within the Committee's estimates.

Program Grants

The Compact of Free Association Act of 1985 provides for a grant of $2,000,000 annually for 15 years (plus an additional increment for three years, $2,900,000 in the second year of free association) to Palau for education and health care.

The Department of the Interior's budget for fiscal year 1990 proposes this spending of $4,900,000, which is included in the Committee's estimates.

Hospital

Palau is the only part of what has been the Trust Territory of the Pacific Islands that does not have a new and decent hospital. The existing hospital is in extremely poor condition, in spite of the efforts of local medical personnel to "make do".

Most of the hospital was not designed to serve as a hospital. There is almost no functional plumbing and the electrical wiring is unsafe. The roof leaks and windows are inoperable.

There is practically no modern diagnostic or therapeutic equipment. Laboratory tests that can be performed must often be done manually.

Sterility of even sensitive areas is questionable. The condition of rooms (if they can even be called that) for patients such as mental cases, is heart-rending.

The inadequacy of the facility means that more patients than should have to be can only be treated if they are referred 'off-island' to better facilities. Because of the costs involved, this option is only available to patients who can pay $2,000 to the government prior to being referred. (Patients who cannot are 'out-of-luck').

On the whole, the current hospital is so lacking in facilities that it is a disgrace to the performance of United States trusteeship obligations. The new Secretary of the Interior personally recognized that developing a better facility is a "serious need" after visiting Palau on a Committee field inspection last month. He told a Committee hearing this month that conditions at the hospital are "appalling" and improving them is one of the highest priorities.

$10,000,000 has been appropriated so far for the renovation of the hospital; but it has not been spent. Palauan officials have insisted that the existing hospital cannot be improved to meet needs on a cost-effective basis. They also state that $10,000,000 is not enough to build an adequate replacement

facility. The Committee's recent inspection confirms this position.

A decent hospital will probably cost at least twice the $10,000,000 appropriated. Committee Members agreed to support the necessary additional funds last year. The government of Palau has moved ahead on a $20,000,000 plus contract since that time.

The failure to develop a decent hospital during the trusteeship has become a major impediment to the implementation of the Compact of Free Association. The consensus needed to obtain approval of the Compact cannot be achieved without assurances that an adequate hospital will be developed.

The necessary assurances would have been provided by the agreement that was reached late last October on the legislation required to authorize the Compact to be put into effect. Although that agreement was, unfortunately, reached too late to be enacted by the 100th Congress, it is expected to be enacted this year.

The agreed-upon legislation has been introduced and Committee Members have been given assurances that the new administration will commit to 'live-up-to' the agreement.

The agreement would require the President to commit to provide Palau with the amount up to $5,000,000 for improvement of hospital facilities in fiscal year 1990 that Palau itself matches. Funds could only be spent upon federal approval of a Palauan plan for the improvements.

The agreed-upon $5,000,000 is included in the Committee's estimates. Appropriation of at least this amount is essential to meet United States trusteeship and moral responsibilities and to obtain approval of the Compact.

Prison

Palau's prison is in deplorable condition and is severely overcrowded. According to General Accounting Office investigators, the jail has held more than four times as many prisoners as it should.

Declared unfit by a court in 1983, the facility is so bad that seeing it is like seeing a vision of a medieval vision come to life.

According to the new Secretary of the Interior, who joined a Committee field inspection of the prison last month, "It breaks your heart to see that jail. Of anything I have seen, that is probably the most immediate need anywhere."

Plans for a replacement facility have been estimated to cost up to $1,600,000.

The agreement that was reached late last October on the legislation required to authorize the Compact of Free Association with Palau to be put into effect would require the President to commit to provide Palau with $800,000 to improve prison facilities.

Although that agreement was, unfortunately, reached too late to be enacted during the 100th Congress, it is expected to be enacted this year. The agreed-upon legislation has been introduced and Committee Members have been given assurances that the new administration will commit to "live-up-to" the agreement.

The necessary $800,000 is included in the Committee's estimates. Appropriations of at least this amount is necessary to meet United States trusteeship and moral obligations and to obtain approval of the Compact.

Special Prosecutor and Public Auditor

Palauan law provides for the establishment of offices of special prosecutor and public auditor; but neither law has really been implemented. (The prosecutor's office has not been set up at all. Both nominees for the prosecutor's job failed to be confirmed for ethical reasons. There is nominally an auditor's office but there has been no auditor in well over a year and the office is underfunded.)

Concerns about public corruption in Palau have been a serious impediment to approval of the Compact of Free Association. A Committee investigation, assisted by the General Accounting Office, has revealed a number of matters which should be -- but have not been -- investigated in Palau.

Among a number of matters, these include:

- payments of about $1 million for which G.A.O. can find no justification to senior Palauan officials and others by

the contractor for the islands' new, over-priced power facilities;

- o contracts entered into between a former president of Palau, his counsel, and another legal aide granting exclusive rights to produce and sell coins and to plan and lease-back a new capital to the government;

- o the use of public funds and other resources to try to obtain approval of the Compact and intimidate (including through the use of violence) critics of the Compact into silence;

- o heroin and other drug trafficking and use that may involve as many as hundreds of Palau's 15,000 people;

- o a contract for the construction of 22 miles of road that the United States is supposed to build under the Compact in which the bidding was rigged, according to a Palauan official involved with the contract and in which costs were excessive, according to a U.S. official; and

- o contracts worth tens of millions of dollars with foreign firms for other road and related work.

Committee Members have felt that Palauan investigation of these and other allegations of corruption would be preferable to federal investigation. But Palau's ability to conduct the necessary investigations is hampered by the failure to implement Palau's special prosecutor and public auditor laws as well as by a lack of resources and expertise.

A majority of Palau's Congress and governors of the states of Palau with most of the islands' population asked the Committee last year to ensure that Palau would implement its prosecutor and auditor laws if the Compact were approved. They joined Committee and other Members in asserting that the United States should commit to providing Palau with financial and technical assistance so that it could implement these laws.

The agreement that was reached late last October on the legislation required to authorize the Compact to be put into effect would require the President to commit to provide Palau with $300,000 per year for the first five years of free association, as well as personnel and other technical assistance, for Palau's special prosecutor and public auditor offices.

Although that agreement was, unfortunately, reached too late to be enacted during the 100th Congress, it is expected to be enacted this year. The agreed-upon legislation has been introduced and Committee Members have been given assurances that the new administration will "live-up to" the agreement.

The necessary $300,000 for fiscal year 1990 is included in the Committee's estimates.

COLLEGE OF MICRONESIA

$8,000,000 is authorized for facilities for the College of Micronesia. The funds would be used to construct a new building at the main campus in the Federated States of Micronesia; a new nursing school in the Marshall Islands; and to renovate the occupational center in Palau.

In agreeing with the Federated States of Micronesia on the implementation of the Compact of Free Association in 1986, representatives of the President agreed to make joint United States - Federated States recommendations on the funding. No recommendations have been made and no joint effort has been undertaken, in spite of Micronesian efforts to get representatives of the President to redeem this pledge.

The Committee is disappointed that the Executive Branch has not followed through on this issue. It has included $8,000,000 for the college in its estimates.

FEDERATED STATES OF MICRONESIA/MARSHALL ISLANDS (PERMANENT)

Marshall Islands Fiscal Assistance

The Compact of Free Association Act of 1985 commits the United States to provide the Marshall Islands with assistance for government operations and capital improvements for 15 years. A provision which originated in the Committee also commits the United States to provide $10,000,000 to capitalize an investment development fund.

The Department of the Interior's fiscal year 1990 budget proposes the committed to amount for the Marshall Islands for the fourth year of free association of $43,668,000. $39,668,000 is for government operations and capital improvements and $4,000,000

is for investment development. The total amount is included in the Committee's estimates.

Bikini Resettlement

The people of Bikini Atoll were evacuated from their homeland by the United States so that their islands could be used for nuclear testing during the 1940s and 50s. This testing made the islands unsafe for habitation.

A provision of the Compact of Free Association Act of 1985 which originated in the Committee committed the United States to fund the clean-up and resettlement of Bikini. $90,000,000 was appropriated in fiscal year 1989, to be provided over five years.

The Department of the Interior's budget for fiscal year 1990 includes spending $22,000,000 for this purpose, which is included in the Committee's estimates.

Federated States of Micronesia Fiscal Assistance

The Compact of Free Association Act of 1985 commits the United States to provide the Federated States of Micronesia with assistance for government operations and capital improvements for 15 years. A provision which originated in the Committee also commits the United States to provide $20,000,000 to capitalize an investment development fund.

The Department of the Interior's fiscal year 1990 budget proposes the committed to amount for the Federated States of Micronesia for the fourth year of free association of $93,710,000. $85,710,000 of this is for government operations and capital improvements and $8,000,000 is for investment development. The total amount is included in the Committee's estimates.

PALAU (Permanent)

Fiscal Assistance

The Compact of Free Association with Palau will commit the United States to provide the Palau with assistance for government operations and capital improvements for 15 years.

The Department of the Interior's fiscal year 1990 budget

proposes the committed to amount for the second year of free association of $18,801,000. This amount is included in the Committee's estimates.

NATIONAL PARK SERVICE

American Memorial Park

The covenant which established the commonwealth relationship between the Northern Mariana Islands and the United States requires that 133 acres of property on Saipan to be leased to the United States be set aside for a national park to honor the many casualties of World War Two in the islands.

A provision of the omnibus territories act of 1978 which originated in the Committee authorized the appropriation of $3,000,000 for development of a historic and recreation facility.

The property for the park was leased by the commonwealth to the federal government several years ago. In spite of this, almost no development has taken place. The lack of development is an embarrassing contrast to the number of Japanese war memorials on the island.

The failure to develop the park is also in contradiction to the development of the islands' tourism industry (which was part of the original purpose of the park). The site is adjacent to one of Saipan's primary hotel areas.

A $16 million development plan has been prepared and the commonwealth is willing to devote some resources to it. Basic development should be funded in fiscal year 1990 through a $3,000,000 appropriation.

DEPARTMENTS OF THE INTERIOR AND ENERGY

Rongelap Radiation Study

A U.S. nuclear test at Bikini Atoll exposed the people of nearby Rongelap Atoll to a high level of radiation. Although the Department of Energy reported high levels of contamination in 1982, it concluded that Rongelap was safe.

The islanders, however, doubted the conclusions and sought (U.S. funded) resettlement elsewhere. When they were not moved, they evacuated themselves in 1985 to an island in Kwajalein Atoll.

A provision of the Compact of Free Association Act of 1985 which originated in the Committee committed the United States to take any necessary measures to make Rongelap safe to live on. It also mandated a review of the Energy Department report and required a new comprehensive study if the review found deficiencies in the 1982 report.

The review completed last year and revised this month identified deficiencies in the 1982 report that leave troubling questions unanswered. But although it indicated that Rongelap would not be safe for some people to live on and only would be safe under restricted circumstances, the review did not make the required conclusion about the 1982 report.

As a result, the people of Rongelap have urged that the comprehensive study required by the Compact act be conducted by the Energy and Interior Departments. In November, the Marshall Islands Nitijela unanimously passed a resolution supporting the request for an independent, comprehensive study of Rongelap Atoll. A Subcommittee hearing on a resolution of support sponsored by Committee leaders is expected to be conducted next month.

The Committee recently met with leaders of Rongelap and the Marshall Islands with regard to the need for the comprehensive study.

Both departments should be provided with enough funds to be able to conduct it.

DEPARTMENT OF THE TREASURY

Puerto Rico Fiscal Assistance

Puerto Rico is provided permanent federal financial assistance through payment to it of federal tax, duty, and fee collections derived from the island. Federal payment of these

collections is a fundamental element of the fiscal relationship between the commonwealth and the United States, and is deeply rooted in federal insular policy.

The Department of the Treasury's budget proposes the payments which current law requires be made to the commonwealth. Excise tax collections on Puerto Rican products are estimated at $230,000,000. Customs taxes, duties, and fees -- less the cost of collection -- are estimated at $126,400,000.

A problem concerning the excise tax payments was created by a provision in the 1984 tax act which originated in the Senate. The provision increased the tax on rum produced in the commonwealth by $2 per gallon (along with an increase of the excise tax on other distilled spirits). But the act did not provide for the increase to be paid to the commonwealth.

The failure to provide for the payment contradicts the Puerto Rican Federal Relations Act. Although there was a tax policy reason for the amendment, its unilateral amendment of the federal-commonwealth relationship was apparently unintentional.

Since the reason for the limitation on payments no longer exists, the full amount of the collections should be paid to Puerto Rico. The Committee estimates that this will amount to $273,809,524.

DEPARTMENT OF AGRICULTURE

FOOD AND NUTRITION SERVICE

Puerto Rico Nutrition Assistance

One of the greatest inequities in federal policy created during this decade was taking needy Americans in Puerto Rico out of the Food Stamps program. Puerto Rican participation was replaced in the Budget Reconciliation Act of 1981 with a block grant set at $825,000,000.

Puerto Rico has operated its own nutrition assistance program under the block grant since 1982. During this time, it has reduced administrative overhead in the program and used it to stimulate local food production.

Because the original block grant did not provide for adjustments in grant levels related to changing needs, the Food Security Act of 1985 provided for a series of inflation adjustments. $908,250,000 was appropriated for fiscal year 1989 and $936,750,000 is authorized to be appropriated for fiscal year 1990.

One of the problems of the block grant is that it is considered discretionary spending, unlike the entitlement Foods Stamps it replaced. It is, thus, vulnerable to cuts for deficit reduction purposes. This budgetary approach should be changed.

The Department of Agriculture's budget for fiscal year 1990 continues the policy of the past administration of still proposing the grant at the $825,000,000 level.

The Committee, however, supports appropriation of the authorized amount, $936,750,000, although it believes that nutrition assistance for needy Americans in Puerto Rico should be no less than that which the Food Stamps program would provide. The Committee notes that the number of needy Americans in Puerto Rico who participate in the insular program is hundreds of thousands less than would be able to participate in the Food Stamps programs. It also notes that those who do participate in the insular program receive less assistance than they would in the national program.

Accordingly, the Committee recommends the appropriation of the authorized amount as a compromise between fiscal reality and real need.

DEPARTMENT OF DEFENSE

CORPS OF ENGINEERS

Puerto Rico Water Projects

The Department of the Army's budget for fiscal year 1990 proposes funding for on-going projects of the Corps of Engineers in Puerto Rico. These projects and their costs for next fiscal year, are as follows: Arecibo River ($100,000); Guayanilla River Basin ($130,000); Portugues and Bucana Rivers ($18,800,000); Rio de la Plata ($700,000); Rio Nigua ($150,000); Rio Puerto Nuevo ($1,300,000); San Juan Harbor ($500,000); and Guayanes, Las Mareas and Guayanilla Harbors ($135,000).

The Puerto Nuevo river cuts through the heart of San Juan's commercial and financial districts and floods these areas on a regular basis. The floods cause millions of dollars of damages, affect nearly 6,000 families, and interfere with transportation in San Juan. The requested funds will continue the preconstruction engineering and design. This phase of work is scheduled for completion in June 1991.

Almost 80% of all cargo entering or leaving Puerto Rico goes through the Port of San Juan. The San Juan harbor dredging study will examine shifting the harbor alignment 350 feet to the west.

The Portugues and Bucana Rivers project would provide flood control to central Puerto Rico through the construction of two high level dams and channel improvements. The concrete and stone lined channel works are essentially complete but need the additional funds being proposed.

The Rio Nigua and Guayanes, Port Las Mareas, and Guayanilla Harbors navigation reconnaissance studies would determine the need for further analysis of existing channels and their maintenance with a view to possible improvements.

DEPARTMENT OF EDUCATION

Special insular programs

Members of the Committee have worked with the Committee on Education and Labor to address the unique educational needs and circumstances of the U.S. insular areas. A number of provisions of law have authorized the special assistance required to meet these needs.

One of these programs trains elementary and secondary school teachers in the insular areas other than Puerto Rico. It recognizes that many teachers in these insular areas are either non-degreed or non-certified. In 1986-87 nearly 3,000 insular teachers -- and their students -- benefited from the Territorial Teacher Training program.

The Department of Education budget for fiscal year 1990

proposes $1,568,000 for this program. The Committee supports appropriation of the authorized amount of $2,000,000.

Another program authorizes general education assistance to the Virgin Islands. It recognizes the serious needs of the territory's school system, particularly in the areas of construction of new classrooms and other essential facilities.

The Department of Education's budget for fiscal year 1990 proposes $4,891,000 for this program. The Committee supports appropriation of this amount.

A third program authorizes $10,000,000 in assistance to Guam's higher education institutions. The purpose was to reimburse these schools for the costs of educating students from the Trust Territory of the Pacific Islands.

$2,431,000 of this amount has been appropriated to date. The Committee recommends further appropriations of at least $500,000 for fiscal year 1990.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FAMILY SUPPORT ADMINISTRATION

Aid to Needy Insular Americans

The needy among the three and half million Americans of the U.S. Insular areas are unable to receive assistance provided needy Americans elsewhere in the Nation under some programs and generally receive lesser assistance under the programs in which they do participate.

These inequities fail to meet pressing human needs and compel needy islanders to move to the States when they can receive assistance equal to that provided other needy Americans. They also suggest to some insular Americans that they are second-class citizens.

During the last Congress, the Committee worked with other committees to increase the amount of funds available to the insular areas under the programs which provide aid to families with dependent children and the aged, blind, disabled and to the medically needy.

Aid to families with dependent children and the aged, blind and disabled assistance to Puerto Rico was set at $82,000,000; to

the Virgin Islands was set at $2,800,000; to Guam was set at $3,800,000; and to American Samoa was set at $1,000,000. Medicaid assistance in fiscal year 1990 to Puerto Rico was set at $79,000,000; to the Virgin Islands was set at $2,600,000; to Guam was set at $2,500,000; to the Northern Mariana Islands was set at $750,000; and to American Samoa was set at $1,450,00.

All of these amounts are reflected in the Department of Health and Human Services budget for fiscal year 1990 and are supported.

The improvements in treatment that these amounts represent do not mean that the insular areas will be treated equitably in these federal social service programs (which is the Committee's goal). Instead, these amounts represent a step towards equity.

ALL DEPARTMENTS AND AGENCIES

Insular Matching Payments

Pursuant to a series of public laws enacted as recently as 1986, matching funding requirements for any and all federal programs and projects are waived in the cases of American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands to the extent of $200,000 in each instance where matching funding would otherwise be required.

The primary reason for the waiver is to ensure that insular areas are not prevented from participating in programs because of their fiscal inability to meet cost-sharing requirements. An additional reason is that since such a large portion of insular budgets are made up of direct or indirect federal support, the purposes of cost-sharing are often meaningless in insular circumstances.

The budgetary impact of waiving matching funding requirements of up to $200,000 is relatively minimal. Still, the budget must anticipate that agencies must assume such costs themselves, and may only require cost-sharing of amounts over $200,000.

The Committee intends to conduct oversight activities in this Congress on the implementation of the waiver and its effectiveness.

STATEMENT OF HON. ALEXANDER FARRELLY

Senator JOHNSTON. Thank you.

Governor.

Mr. FARRELLY. Thank you, Mr. Chairman. Nice to see you again.

I suggest in accordance with your requirements, we have submitted a full statement for the record, and I will merely summarize in the interest of time.

Our major request this year, sir, is a $5 million request to build an additional corrections facility. The primary reason for that is that the number of the designed capacity of our institutions are now 211, but they hold a number up to 407. In addition, we are under the mandate of a Federal court to clean up and improve the facilities.

We also have 105 unmanageable prisoners that are sent abroad for which we pay $1.9 million a year. We mention that so the committee will not assume that if the money is given for the additional facilities we would no longer need to ship them abroad. That is not so, sir. We simply do not have the capability of managing that particular group that we send away.

We have not asked for anything else because, as the chair knows, we have undertaken a very ambitious capital improvement program. And so, the reason we need your help is the fact that we have committed over $300 million for capital improvements, including roads, airports, harbors, and infrastructure.

PREPARED STATEMENT

So that overcrowding is a major problem, and the overcrowding can only be addressed if the committee were good enough to authorize the $5 million request. That would enable us to add the 127-bed facility. We need not acquire the land because the land needed is already owned by the Government. That is next to the corrections facility.

That would summarize our statement to justify the $5 million.

[The statement follows:]

STATEMENT OF HON. ALEXANDER A. FARRELLY

GOOD DAY, MR. CHAIRMAN AND MEMBERS OF THIS COMMITTEE.

THANK YOU FOR THIS OPPORTUNITY TO APPEAR BEFORE YOU TO COMMENT ON THE BUDGET REQUEST FOR THE UNITED STATES VIRGIN ISLANDS.

AS MY DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET TESTIFIED DURING SUBCOMMITTEE HEARINGS IN FEBRUARY THIS YEAR, I AM PLEASED THAT THE DEPARTMENT OF THE INTERIOR HAS RECOGNIZED AN IMPORTANT NEED BY REQUESTING $2 MILLION FOR IMPROVEMENTS TO OUR PRISON SYSTEM. WE OF COURSE KNOW, AS DOES THE DEPARTMENT OF THE INTERIOR, THAT OUR TRUE NEEDS EXCEED INTERIOR'S BUDGET REQUEST BY $3 MILLION. THE $5 MILLION JUSTIFICATION HAS PREVIOUSLY BEEN SUBMITTED FOR THE RECORD, BUT I WILL RESTATE OUR NEED FOR THE BENEFIT OF THIS COMMITTEE.

THE VIRGIN ISLANDS CORRECTIONAL SYSTEM CONSISTS OF A DETENTION FACILITY IN ST. THOMAS, A CORRECTIONAL INSTITUTION IN ST. CROIX, AND A SMALL DETENTION CENTER ALSO LOCATED IN ST. CROIX. IN ADDITION, THE BUREAU SHARES RESPONSIBILITY FOR THE OPERATION OF A YOUTH REHABILITATION CENTER WITH THE DEPARTMENT OF HUMAN

SERVICES. THE THREE FACILITIES HAVE A COMBINED DESIGN CAPACITY OF 211, INCLUDING SEGREGATION CELLS IN ST. THOMAS AND ST. CROIX. THE SYSTEM'S PRESENT INMATE POPULATION IS 407. IN ADDITION TO THIS, ON ISLAND POPULATION, 105 VIRGIN ISLANDS INMATES ARE HOUSED ON MAINLAND PRISONS AS OF APRIL 6, 1989.

CLEARLY, OVERCROWDING IS A VERY SERIOUS PROBLEM IN THE VIRGIN ISLANDS. IT NOT ONLY AFFECTS FACILITY OPERATIONS DIRECTLY, BUT TO A CERTAIN EXTENT, ALSO IMPACTS THE U.S. MARSHAL'S SERVICE, AND THE U.S. IMMIGRATION AND NATURALIZATION SERVICE BY RESTRICTING THEIR DETENTION OPTION. THIS IS BECAUSE THERE IS NOT ENOUGH SPACE TO HOLD ARRESTEES OR DETAINEES AND THEY MUST BE MOVED TO A FACILITY IN ANOTHER MORE DISTANT LOCATION OR RELEASED.

THE SEVERE OVERCROWDING IS A RESULT OF INCREASED CRIMINAL AND ENFORCEMENT ACTIVITY. LAW ENFORCEMENT OFFICIALS EXPECT THE NEED FOR INMATE HOUSING TO BECOME EVEN GREATER OVER THE NEXT FIVE YEARS.

CORRECTIONAL OFFICIALS IN THE TERRITORY HAVE DETERMINED AFTER CAREFUL ANALYSIS THAT THE ADDITION OF A 127-BED FACILITY IN THE TERRITORY WOULD HELP REDUCE THE OVERCROWDING SITUATION. PLANS ARE FOR THIS NEW FACILITY TO BE USED AS A DETENTION CENTER IN ST. CROIX AND CONVERT THE SMALL DETENTION CENTER IN ST. CROIX TO

A MINIMUM SECURITY ADULT WORK CAMP, HOUSING APPROXIMATELY 47 INMATES. THIS WORK CAMP WOULD HAVE ADEQUATE WORK RECREATION AND PROGRAM SPACE. THIS WOULD ALLOW MINIMUM SECURITY INMATES FROM BOTH ST. CROIX AND ST. THOMAS TO BE SENT THERE. SUCH AN ADJUSTMENT WOULD CREATE ADDITIONAL SPACE AT THE ADULT CORRECTIONAL CENTER AT GOLDEN GROVE AND REDUCE THE SENTENCED POPULATION FROM THE DETENTION CENTER IN ST. THOMAS.

ONE OF THE RESULTS OF SUCH A MOVE WOULD BE THE REDUCTION OF THE ST. THOMAS TOTAL COUNT, THUS, PROVIDING ADDITIONAL SPACE FOR PRE-TRIAL PRISONERS, BENEFITING THE LOCAL POLICE AND U.S. MARSHAL AND IMMIGRATION AND NATURALIZATION SERVICE. A WORK CAMP WOULD ALSO BENEFIT ST. CROIX THROUGH PUBLIC AND COMMUNITY WORK PROJECTS AND BENEFIT THE INMATES BY PROVIDING THEM WITH WORTHWHILE WORK EXPERIENCE.

WITH RESPECT TO THE ST. THOMAS FACILITY, A RECENT REPORT BY A CONSULTANT FROM THE NATIONAL INSTITUTE OF CORRECTIONS, AFTER AN INSPECTION REQUESTED BY THE VIRGIN ISLANDS GOVERNMENT, MADE THIS OBSERVATION:

> THE FACILITY HAS A DESIGN CAPACITY OF 51, INCLUDING LOCKUP CELLS WHICH ORDINARILY WOULD NOT BE INCLUDED IN DESIGN CAPACITY FIGURES... EVERY CELL HAD TWO INMATES, INCLUDING THE LOCKED UNIT, WHICH WAS BEING USED FOR A

REGULAR HOUSING UNIT. THE FEMALE UNIT WAS ALSO BEING USED TO HOUSE MALES; . . . IN ADDITION, ONE ROOM NEXT TO THE MEDICAL SECTION HOUSED FIVE DETAINEES ON MATTRESSES, ON THE FLOOR. THE ST. THOMAS DESIGN PROVIDED 51 CELLS, EACH 6 X 9 FEET, OR 54 SQUARE FEET. AT THE PRESENT TIME THERE LITERALLY IS NO ROOM FOR ADDITIONAL PRISONERS; EVEN WITH TWO PER CELL, ALL REASONABLY AVAILABLE OVERFLOW AREAS ARE IN USE.

AS A RESULT OF THIS CRITICAL OVERCROWDING IT IS NECESSARY TO RELEASE ONE PRISONER BEFORE ANOTHER CAN BE DETAINED. THIS CERTAINLY IS NOT A DESIRABLE SITUATION. IN PARTICULAR, IT IS VERY DIFFICULT TO OPERATE ANY CORRECTIONAL FACILITY WITHOUT A LOCKDOWN UNIT OF SOME TYPE.

THIS CONSULTANT'S PREDICTIONS HAVE NOW COME TO PASS. IF FOR NO OTHER REASON THAN WE HAVE BEEN FORCED TO RELINQUISH A FACILITY THAT HAD BEEN USED FOR THE PURPOSE OF A HALFWAY HOUSE AND MUST NOW HOUSE THOSE PRISONERS IN THE CRIMINAL JUSTICE COMPLEX, DESIGNED PRIMARILY FOR DETAINEES, BUT WHICH NOW AS WELL HOUSES SENTENCED HARDENED CRIMINAL DETAINEES AND THOSE WHO ARE ON THEIR WAY OUT OF THE SYSTEM.

THE REPORT OF THIS CONSULTANT REFERRED TO ABOVE OBSERVED AT THE TIME THAT IT WAS OUR POLICY NOT TO DOUBLE BUNK. THAT POLICY IS NO LONGER IN EFFECT AS CIRCUMSTANCES HAVE FORCED US TO BUILD MAKE-SHIFT BUNKS IN ORDER TO HANDLE OUR BURGEONING PRISON POPULATION.

THE ESTIMATED COST FOR CONSTRUCTION OF A 127-BED FACILITY IS APPROXIMATELY FIVE MILLION DOLLARS. LAND FOR THE PLACEMENT OF SUCH A FACILITY IS AVAILABLE ADJACENT TO THE ADULT CORRECTIONAL FACILITY AT GOLDEN GROVE, ST. CROIX.

THE NECESSITY OF GETTING ADDITIONAL INMATE CAPACITY IS UNDERSCORED BY THE FRAGILE NATURE OF THE ISLANDS' ECONOMY, WHICH IS ALMOST TOTALLY DEPENDENT ON TOURISM. RECENT GRUESOME INCIDENTS HAVE HIGHLIGHTED THE FRAGILITY OF THIS ECONOMY AND CREATED INCREASED DEMANDS FOR THE INCARCERATION OF CRIMINALS. IF WE ARE NOT ABLE, IN SHORT ORDER, TO PROVIDE ADEQUATE FACILITIES, IT IS LIKELY THAT A COURT ORDER WILL EVENTUALLY AND INEVITABLY ENSUE, DIRECTING THE GOVERNMENT TO REDUCE THE NUMBER OF PRISONERS. THIS WOULD HAVE AN ALARMING EFFECT ON VISITORS TO THE COMMUNITY AND RESIDENTS ALIKE AND CAUSE A NOSE DIVE IN THE ECONOMY. THE ALTERNATIVE IS THE COSTLY SHIPMENT OF PRISONERS TO THE CONTINENT IN A FEDERAL SYSTEM WHICH IS ALREADY OVERBURDENED WITH PRISONERS. WITH THE INCREASE IN MONIES AVAILABLE FOR THE ERADICATION OF THE DRUG

TRADE, THE ISLANDS ARE LIKELY TO HAVE A FURTHER INCREASE IN THE NUMBER OF PRISONERS OF AN EXTREMELY DANGEROUS NATURE. MOREOVER, IT WE ARE NOT ABLE TO RELIEVE THE PRESSURE ON THE PRISONERS VERY SHORTLY, WHAT HAD HAPPENED IN OTHER JURISDICTIONS WILL BEGIN TO HAPPEN HERE, THAT IS, JUDGES AND JURIES WILL FIND WAYS AND MEANS OF ACQUITTING PERSONS WHO ARE CHARGED WITH RELATIVELY MINOR CRIMES SUCH AS PICK POCKETING AND THE LIKE, THEREBY EXPOSING THE ECONOMY TO FURTHER EROSION.

I WOULD LIKE TO POINT OUT THAT OUR NEED TO SECURE FUNDING, EXTERNAL TO OUR OWN RESOURCES, IS BORNE FROM THE FACT THAT MY ADMINISTRATION HAS, FOR THE PAST 12 MONTHS, BEEN VIGOROUSLY PURSUING INTERNAL FINANCING FOR CAPITAL PROJECTS AND MAJOR INFRASTRUCTURE REPAIRS TOTALING APPROXIMATELY $300 MILLION. OUR INFRASTRUCTURE PROGRAM INCLUDES; ROADS - $25,000,000; SCHOOLS - $31,000,000; WASTE WATER TREATMENT- $16,000,000; AIRPORT IMPROVEMENTS - $50,000,000; GOVERNMENT CENTER - $37,500,000; WATER PROJECTS- $34,000,000; HOSPITAL RENOVATIONS - $22,000,000; LANDFILL DEVELOPMENTS - $6,000,000; HOUSING- $10,000,000; PORT AND HARBOR IMPROVEMENTS- $19,000,000; ELECTRICAL GENERATION AND TRANSMISSION- $31,000,000; UNIVERSITY CAPITAL IMPROVEMENTS- $5,000,000; TERRITORIAL COURT HOUSE - $7,500,000; POLICE AND FIRE EQUIPMENT - $5,000,000.

YOU WILL NOTE THAT THESE FOREGOING CATEGORIES REPRESENT BASIC PUBLIC SERVICES AND ARE, THEREFORE, NOT FRIVOLOUS. THESE MASSIVE INFRASTRUCTURE NEEDS HAVE BEEN HERALDED BY TWO FACTORS: (1) YEARS OF NEGLECT, AND (2) AN ECONOMY THAT HAS GROWN BY NEARLY 50% SINCE 1980 WITH NO IMPROVEMENT TO THE INFRASTRUCTURE TO SATISFY DEMANDS THAT CORRESPOND WITH THIS GROWTH.

I EMPHASIZE THAT THE FOREGOING NEEDS ARE BASIC, NOT EXHAUSTIVE. WITNESS OUR REQUEST OF $5 MILLION FOR PRISON IMPROVEMENTS. OUR STRATEGY IS TO FINANCE OUR BASIC NEEDS THROUGH VENDOR FINANCING, REVENUE BONDS AND GENERAL OBLIGATION BONDS. THUS FAR, OUR SELF-HELP APPROACH HAS US WELL ON THE WAY TO SECURING FINANCING FOR OUR ROADS AND AIRPORT IMPROVEMENTS. WE HAVE INITIATED COMPREHENSIVE DIALOGUE AND MEETINGS WITH BOTH RATING AGENCIES (THE FIRST TIME IN FIVE YEARS) AND SOUGHT THE ASSISTANCE OF NUMEROUS UNDERWRITING FIRMS TO MAKE OUR CAPITAL PLAN A REALITY.

MR. CHAIRMAN, I WOULD LIKE YOU TO NOTE THAT ALL OF OUR CAPITAL PROJECTS WILL, IN ONE WAY OR ANOTHER, TOUCH AND EVENTUALLY IMPROVE THROUGH STABILIZATION AND GROWTH, OUR NUMBER ONE INDUSTRY - TOURISM. BETTER ROADS, BETTER SCHOOLS, BETTER FIRST IMPRESSION (AIRPORTS), BETTER WATER, MEANS A BETTER SATISFIED AND RETURNING CUSTOMER, AND IMPROVEMENT OF QUALITY OF LIFE FOR VIRGIN ISLANDS RESIDENTS.

SELF RELIANCE IS NOT RESTRICTED TO IMPROVING OUR INFRASTRUCTURE.

AS A DIRECT RESULT OF THE EASTERN AIRLINES STRIKE ON MARCH 3, 1989, THE U.S. VIRGIN ISLANDS LOST 6,700 WEEKLY SEATS, AND THAT RESULTED IN LOST REVENUES ESTIMATED AT $4.9 MILLION WEEKLY WHICH WOULD HAVE BEEN SPENT IN THE ECONOMY.

MY TASK FORCE ON TOURISM, LED BY ME PERSONALLY, LAUNCHED AN IMMEDIATE CAMPAIGN TO ENCOURAGE SCHEDULED AND CHARTER FLIGHT OPERATIONS TO ASSIST THE VIRGIN ISLANDS IN REPLACING THE LOST SEATS.

AMERICAN AIRLINES RESPONDED IMMEDIATELY WITH ADDITIONAL FLIGHTS FROM NEW YORK, PHILADELPHIA, RALEIGH-DURHAM AND DALLAS-FORT WORTH. ADDITIONAL FLIGHTS ARE ALSO GOING TO THE SAN JUAN HUB.

WE HAVE ALSO LAUNCHED A NEW INITIATIVE IN SOUTH AMERICA WITH THE ASSISTANCE OF USTTA IN THE U.S. DEPARTMENT OF COMMERCE. RECENTLY THE COMMISSIONER OF ECONOMIC DEVELOPMENT AND AGRICULTURE LED A DELEGATION TO CHILE, ARGENTINA AND BRAZIL TO OPEN THOSE MARKETS, AND WE ARE BEGINNING TO SEE GOOD RESULTS.

THE AIRPORTS ON ST. CROIX AND ST. THOMAS ARE NOW

BEING RECONSTRUCTED AND WILL BE READY BY FALL 1990 FOR LONG-HAUL AIR TRAFFIC.

WE ARE MOVING STEADILY IN AN EFFORT TO DIVERSIFY OUR ECONOMY. THROUGH THE ASSISTANCE OF THE ECONOMIC DEVELOPMENT ADMINISTRATION (U.S. DEPARTMENT OF COMMERCE), WE ARE NOW CONSTRUCTING A THIRD BUILDING, ALREADY SOLD OUT, IN OUR INDUSTRIAL PARK, AND ARE SEEKING FUNDING FOR A FOURTH BUILDING.

THE UNIVERSITY OF THE VIRGIN ISLANDS WHICH OWNS 350 ACRES EAST OF HESS OIL ON ST. CROIX HAS ASKED THE INDUSTRIAL DEVELOPMENT COMMISSION TO ASSUME THE TASK OF CREATING AN INDUSTRIAL PARK ON THAT PROPERTY, AND THE PROCESS HAS BEGUN.

ON ANOTHER FRONT, THERE IS ONE LESSER KNOWN INDUSTRY THAT IS OF SIGNIFICANT IMPORTANCE TO US. THIS IS OUR RUM INDUSTRY. THIS INDUSTRY, BECAUSE OF THE RETURN OF RUM EXCISE TAXES, IS A KEY INGREDIENT IN OUR EFFORTS TO SECURE INTERNAL FINANCING FOR CAPITAL IMPROVEMENTS. WE ARE NOTING WITH INCREASING ALARM THAT THE V.I. RUM INDUSTRY IS BEING SUBJECTED TO CONSTANT EROSION BY CARIBBEAN NEIGHBORS BENEFITING FROM CBI. WE NEED YOUR ASSISTANCE IN SECURING AN AMENDMENT TO THE CURRENT LAW THAT WOULD ALLOW FOR A REBATE OF THE FULL AMOUNT OF RUM TAX REVENUES TO THE TERRITORY. IN THIS MANNER, WE WILL BE IN A POSITION TO PROVIDE SUPPORT TO

OUR RUM INDUSTRY WHILE AT THE SAME TIME LEVERAGING OUR MATCHING FUND REVENUES TO FULL CAPACITY FOR MAJOR INFRASTRUCTURE REPAIRS.

ON A CLOSING NOTE, DURING A RECENT SUBCOMMITTEE ON INTERIOR HEARING, SEVERAL QUESTIONS WERE RAISED WITH RESPECT TO OUR HOSPITAL DEFICIENCIES AS POINTED OUT BY THE HEALTH CARE FINANCING ADMINISTRATION. FOR YOUR EDIFICATION, I WOULD LIKE TO BRIEF YOU ON OUR STATUS.

THE STATEMENTS OF HOSPITAL DEFICIENCIES MADE BY THE HEALTH CARE FINANCING ADMINISTRATION (HCFA) IN THEIR MEDICARE SURVEY OF JANUARY 1989 FOCUSED ON FIVE AREAS: (1) INSUFFICIENT STAFFING; (2) INSUFFICIENT SUPPLIES; (3) UNSAFE FACILITIES; (4) INADEQUATE POLICIES AND PROCEDURES, AND (5) GENERAL MANAGEMENT INADEQUACIES (MANAGERIAL/STAFF TRAINING AND INFORMATION MANAGEMENT).

THE COMMISSIONER OF HEALTH, IN CONSULTATION WITH THE HOSPITAL BOARDS AND HOSPITAL MANAGEMENT, DEVELOPED A 45-DAY CORRECTIVE PLAN, WHICH ADDRESSES THE CONCERNS.

IT IS UNDERSTOOD THAT COMPLETION OF MANY OF THE SYSTEM RECONFIGURATIONS WILL REQUIRE MORE THAN 45 DAYS.

IN SUMMARY, THE PLAN INCLUDES:

STAFFING: TO ADDRESS THE SHORTAGES OF PROFESSIONAL STAFF:

- AGGRESSIVE RECRUITMENT AND RETENTION ACTIVITIES FOR NURSING STAFF ON AND OFF ISLAND UTILIZATION, BETTER BENEFITS AND SCHEDULING FLEXIBILITY.
- REDUCTION OF CERTIFIED CAPACITY TO 160-BEDS.
- ADJUSTMENTS OF PROFESSIONAL SALARIES BY PRIORITY.
- REVISION OF PERSONNEL HIRING PROCESS.

SUPPLIES: TO REDUCE THE FREQUENCY OF SUPPLY SHORTAGES:

- DEVELOPMENT OF AN INVENTORY CONTROL SYSTEM THAT CAN BE COMPUTERIZED.
- UTILIZATION OF FEDERAL DEPOTS FOR GREATER PRICE ADVANTAGE.
- INCREASED FUNDING FOR SUPPLIES.

A PROFESSIONAL ARCHITECTURAL/ENGINEERING FIRM WAS HIRED TO PERFORM AN ANALYSIS OF OUR FACILITY NEEDS. TO COME TO CODES, LIFE SAFETY REQUIREMENTS AND MEET EFFICIENT AND SAFE DELIVERY OF HEALTH CARE SERVICES OBJECTIVES WILL BE IN THE MILLIONS.

RENOVATION ACTIVITIES ARE PLANNED IN TWO PHASES TO ADDRESS CERTIFICATION REQUIREMENTS AND PROGRAM EFFICIENCY. THE PROCESS WILL REQUIRE 18 MONTHS.

I HAVE REQUESTED AND THE LEGISLATURE HAS APPROVED THE SPENDING OF $22 MILLION IN LOCAL FUNDS TO START AND COMPLETE THE UPGRADE IN OUR HEALTH FACILITIES.

I APPRECIATE THIS OPPORTUNITY TO APPEAR BEFORE YOU TODAY AND I HOPE THAT MY TESTIMONY HAS BEEN HELPFUL.

ST. THOMAS AIRPORT

Senator JOHNSTON. Governor, I am very interested, as you know, in the St. Thomas airport. Last year you indicated you were pursuing alternative funding.

Mr. FARRELLY. Yes, sir.

Senator JOHNSTON. Since the lawsuit, the construction fund is tied up with escrow. What is the status of that? Has that been resolved?

Mr. FARRELLY. We are just about ready to go to the bond market on May 4 to raise $35 million, sir, in revenue bonds. The going looks good despite the fact that Eastern, as one of our major carriers, has bellied up. But we expect to go to market next month, and we expect that the airport is going to be completed by next year.

Senator JOHNSTON. By when?

Mr. FARRELLY. By 1990.

Senator JOHNSTON. Calendar year 1990?

Mr. FARRELLY. We have given the board of directors a charge to complete the airport in 18 months.

Senator JOHNSTON. When will they start reconstructing the terminal?

Mr. FARRELLY. I can't tell you when they will start that, sir. But the entire project opened in February with the ground breaking. And they are moving simultaneously on the strip as well as the terminal building.

Senator JOHNSTON. What has been the impact of the Eastern strike on tourism?

Mr. FARRELLY. I think we're losing between $3 million and $4 million a month, sir, in revenue, direct and indirect. So, we are hoping that one of the other carriers, including American, will schedule additional flights into the territory, and they have agreed to do at least four extras.

Delta has added one from Los Angeles to San Juan starting July 1, a 6-hour nonstop flight. So, there are some alternatives which tend to mitigate the falloff from Eastern. But I am afraid it is going to take us a little effort and a little while to climb back where we were before Eastern went out of service.

Senator JOHNSTON. All right. Thank you very much, gentlemen.

Mr. DE LUGO. Thank you.

Mr. FARRELLY. Thank you, sir.

Senator JOHNSTON. We appreciate it very much.

AMERICAN SAMOA

STATEMENT OF ENI F.H. FALEOMAVAEGA, DELEGATE TO THE CONGRESS OF THE UNITED STATES

ACCOMPANIED BY:

PETER T. COLEMAN, GOVERNOR

TUANA'ITAU TUIA, SPEAKER OF THE HOUSE

INTRODUCTION OF ASSOCIATE

Senator JOHNSTON. Next we have American Samoa. Governor Peter Coleman, my good friend, is to be briefly introduced by Eni Faleomavaega, a delegate.

Eni, how did I do with that introduction?

Mr. FALEOMAVAEGA. You did very well, Mr. Chairman. [Laughter.]

Senator JOHNSTON. Eni Faleomavaega. That's it, isn't it?

Mr. FALEOMAVAEGA. Yes; Mr. Chairman. I am very honored to be here this morning, and it is certainly my privilege to introduce to the members of the committee the newly elected Governor, someone that certainly needs no introduction, a pioneer, a real elder statesman among our people as well as the Pacific Island countries. We are very pleased that he is here with us to join in providing testimony before the committee.

I just want to briefly state my comments, recommendations to this year's fiscal year 1990 budget, Mr. Chairman.

OIL TANK FACILITIES

The oil tank facilities that Chairman Ron de Lugo has alluded to earlier, and I want to second his recommendation in seeing what we can do to provide for the needs of the territory with reference to the oil tank facilities.

As a member of the House Interior Committee, we have recommended that $3.3 million as a supplemental for fiscal year 1989 to, hopefully, address the issue as immediately as we can concerning that.

Historically, Mr. Chairman, Congress for fiscal year 1988 has funded $1 million to assist with the maintenance and the repair of the facility, and then also the American Samoa Government has appropriated about $1 million to relocate the families within the vicinity of the tank facilities. ASG has also enacted a 1-cent-per-gallon surcharge. Hopefully, that should bring in about $500,000 a year. That will go into the facility both for repair and, hopefully, for improvement of the facility.

Mr. Chairman, I also support the $20,850,000 grant-in-aid from the Department of the Interior for this fiscal year. With reference to the capital improvement projects, the House Interior Committee has approved authorization for $5.4 million.

There are two basic projects that we have requested along these lines: First, being the court house is about ready to fall apart. According to the latest assessments that have been made for the need of the court house, it needs about $750,000 to get it structured properly because it is a very historical building.

Mr. Chairman, also to complete the work that the Congress has done——

Senator JOHNSTON. I must say we are delighted to have you, but we don't want to plow the same ground twice between you and the Governor on this.

Mr. FALEOMAVAEGA. That's true. Just one more item, Mr. Chairman. I just wanted to make a recommendation for the three gyms that are badly needed by three of the high schools. This is just to complete the project for only $715,000.

PREPARED STATEMENTS

As to the other CIP projects, I am sure the Governor is going to elaborate on that, and I want to now introduce to you, Mr. Chairman, our Governor for his comments.

Thank you.

Senator JOHNSTON. Thank you very much.

[The statement follows:]

STATEMENT OF ENI F.H. FALEOMAVAEGA

It is my pleasure to present my recommendations for the American Samoa Government fiscal year 1990 budget and a supplemental request for fiscal year 1989. I would also like to introduce the witnesses who will testify on behalf of the American Samoa Government, and to introduce other dignitaries present today representing American Samoa. Present today are:

Hon. Peter Tali Coleman, Governor of American Samoa

Hon. Letuli Toloa, President of the Senate Legislature of American Samoa

Hon. Tuana'itau F. Tuia, Speaker of the House of Representatives, Legislature of American Samoa

Hon. Tagaloa Tuiolosega, Chairman, Senate Appropriations Committee, Legislature of American Samoa

Hon. Talavou Ale, Chairman, House Appropriations Committee, Legislature of American Samoa

Hon. Sao Nua, Chairman, House Ways and Means Committee, Legislature of American Samoa

Hon. Ace A. Tago, Treasurer, American Samoa Government

Hon. Motu Mauga, Acting Director of Budget, American Samoa Government

Petroleum Storage Facility

I would like to address first my primary concern for this year's budget request. As you have seen from the report of the House Committee on Interior and Insular Affairs, American Samoa's petroleum storage facility is a safety hazard and desperately in need of refurbishment.

The petroleum storage facility is the only such facility in American Samoa and is used by the local residents,

the Government of American Samoa, and by the Government of the United States. In fact, 40% of the jet fuel stored in the facility is used by the United States Air Force for its MAC flights. The facility was constructed by the U.S. Navy during World War II, and some of the lines in use today have not been replaced since that time.

Previous tank ruptures at the facility have required the evacuation of residents in the area and made the Government of American Samoa a named defendant in a multi-million dollar law suit.

As you know, the Congress appropriated $1 Million in fiscal year 1988 to assist the American Samoa Government in repairing the two ruptured gasoline tanks which were endangering the lives of the residents at that time.

The Government of American Samoa has also taken aggressive action in correcting this hazard, but the ASG needs more help. The Government of American Samoa has appropriated $1 Million to purchase buildings in the immediate area, and assist in the relocation of residents in the surrounding area. The ASG has also enacted a one cent per gallon tax on all fuel which passes through the facility. At the present rate of petroleum consumption in the Territory, the ASG is receiving approximately $525,000 per year which has been committed to improvement of the facility. Despite this sum, additional money is needed this year just to purchase buildings in the area and either lease or purchase land situated between active tanks. It is my understanding that the Governor will propose to the Legislature of American Samoa that beginning in FY 1990, all rent received from property located beneath the

facility be used to improve the facility. This is an additional $500,000 per year which may be available beginning in October of this year. Assuming this plan is followed, during the five year period from 1988 through 1992, the American Samoa Government would contribute $4.7 Million of local revenue to the improvement of the facility.

Despite these efforts of the ASG, more money is needed to correct immediate safety deficiencies. As you know, Mr. Chairman, the House Interior Committee has recommended that this Committee on Appropriations provide a supplemental appropriation for fiscal year 1989 in the amount of $3.315 Million. For the safety and well being of the residents of my district, I strongly urge your approval of this supplemental appropriation. It is my hope that the American Samoa Government and the fuel suppliers will reach an agreement in the near future by which all parties concerned will also share the financial burden of repairing this facility.

General Operations

With regard to the general operations of the Government of American Samoa, I support the $20.85 Million proposed by the Department of the Interior and approved by the House Interior Committee.

Capital Improvement Projects

As you know, Mr. Chairman, although the ASG originally requested $24.2 Million for capital improvement projects for fiscal year 1990, the House Interior Committee has only approved an authorization of $5.4 Million. I support this

latter amount, and from these funds I believe the Fagatogo Courthouse and High School Gymnasiums are the most important projects.

With regard to the Courthouse, the House Interior Committee Report stated that the Courthouse in American Samoa is so badly in need of structural repairs "that its safety is open to question." I concur in this assessment. The building is listed in the national register of historic places of the United States, and was used by many previous governors to conduct their daily operations. It would be a shame to lose this structure now, after having preserved it for so many years. I have attached for your review a copy of a letter from Chief Justice Kruse on the need for these urgent repairs. A copy of the study of the building's foundation conducted by the ASG Department of Public Works is available for your inspection. Repairs to this building have been estimated at $750,000. Mr. Chairman, I strongly support the renovation of this historic building and request you appropriate sufficient funds so these repairs may be made.

There is one other matter, addressed by Congress two years ago but not yet completed, which needs attention. ASG requested funding for open-ended gymnasiums for its five public high schools. Congress appropriated funds for two of these five gyms, but there remains a present, critical need for $715,000 to construct three additional gyms. It should be noted that these facilities would also be used as community meeting halls by the outlying communities and outer islands. For example, Manu'a High School, one of the schools in need of such a gym, is 60 miles from the main island, and Leone High

School is on the far side of the main island. Physical training should be an important part of educating all youth, yet access to facilities which promote physical training is not available for the children attending these schools.

I wish to mention here that the facilities I support are basic, open-ended gymnasiums, without shower or locker facilities. Having served as Lieutenant Governor of American Samoa for four years, I strongly feel such facilities should be made available. Mr. Chairman, your appropriation of $750,000 to construct these three gyms in American Samoa can make that goal a reality.

It is also my understanding that our Governor is making a request for approximately $8.6 Million for improvements to the electrical power system in American Samoa. As you may have heard, at the outset of the budgetary authorizations for the upcoming fiscal year, there was a momentary breakdown in communications between the Office of the Governor and the Board of Directors of the American Samoa Power Authority regarding the most economical means of improving the power generation system. I have just returned from American Samoa and had the opportunity to discuss this matter with members of the Board of Directors. I have been informed that there has been a reconciliation between the Board of Directors and the Office of the Governor. If this is the case, I support the proposed plan which I believe the Governor will detail in his statement today.

As to the remainder of the $5.4 Million authorization, should you be able to appropriate the full amount, I have left

the use of these funds to the discretion of the Governor for use on other projects that have been proposed by the territorial government.

Thank you, Mr. Chairman, for the opportunity make this brief statement today on behalf of my constituents back at home.

LETTER FROM F. MICHAEL FRUSE, CHIEF JUSTICE, HIGH COURT OF AMERICAN SAMOA

April 14, 1989

Honorable Peter Tali Coleman
Governor of American Samoa
Pago Pago, American Samoa 96799

Dear Governor Coleman:

This is to thank you for your support of the proposed special appropriation for restoration of the Court House.

As you know, two reports by the Department of Public Works have concluded that extensive reconstruction of the floors and structural walls of the Court House is necessary to repair the damage that has been done by termites, dry rot, and the effects of wind and water over the past ninety years or so. The DPW studies conclude that there is a substantial danger the building could collapse of its own weight at any time. I know Congress is used to hearing that every problem is an emergency; if it were just the historic importance of the Court House to the Territory that was at risk, I would be most reluctant to press for a special appropriation; but the Court House, as you know, is in daily use by large numbers of people. I hope you will be successful in convincing the Appropriations Committees that this really is an emergency.

We have given copies of the DPW studies and repair estimates (about $750,000 at current construction rates) to Representative Faleomavaega, who has agreed to make them available to the members of the Appropriations Committees and of the Territorial delegation prior to next week's hearings. If any questions should come up while you are in Washington, I can be reached at (684) 633-1410 (High Court chambers) or (684) 699-9149. Again, thank you so much for your help on this matter.

Sincerely,

Michael Kruse
Chief Justice

cc: Rep. Faleomavaega Eni
Hon. Letuli Toloa
Hon. Tuana'itau Tuia

STATEMENT OF PETER T. COLEMAN

TODAY, I AM PLEASED TO PRESENT TO THIS DISTINGUISHED BODY AMERICAN SAMOA'S BUDGET REQUEST FOR FISCAL YEAR 1990. BELOW IS A SUMMARY OF THE AMERICAN SAMOA GOVERNMENT'S ORIGINAL REQUEST, A SUMMARY OF WHAT WAS APPROVED BY THE DEPARTMENT OF THE INTERIOR AND SUBSEQUENTLY INCLUDED IS THE PRESIDENT'S BUDGET REQUEST FOR FY 1990 AND A SUMMARY OF THE VARIANCES.

AMERICAN SAMOA GOVERNMENT
DOI BUDGET REQUEST
FY 1990

SUMMARY
(in $000's)

PROGRAM	ASG REQUEST	DOI REQUEST	VARIANCE
OPERATIONS	22,659	20,850	(1,809)
CAPITAL IMPROVEMENT PROJECTS Original Request	9,166	2,050	(7,116)
SPECIAL PROGRAMS	-0-	350	350
Sub-Totals	31,825	23,250	(8,575)
ADDITIONAL CRITICAL NEEDS:			
CIPs	23,203	-0-	(23,203)
Special Programs	1,000	-0-	(1,000)
Sub-Totals	24,203		(24,203)
GRAND TOTALS	56,028	23,250	(32,778)

THOUGH I HAVE ONLY BEEN IN OFFICE FOR JUST OVER 100 DAYS, MY VISION OF AMERICAN SAMOA'S BASIC NEEDS HAS ALWAYS BEEN CLEAR. OUR GOVERNMENT MUST PROVIDE, IMPROVE AND SUSTAIN PROGRAMS THAT WOULD ENHANCE EDUCATION, HEALTH CARE, PUBLIC SAFETY, BASIC INFRASTRUCTURE AND ECONOMIC DEVELOPMENT TO THE EXTENT THAT RESOURCES ARE AVAILABLE AND WITHOUT ENCROACHING ON THE CULTURAL GUIDEPOSTS UPON WHICH SOCIAL AND POLITICAL STABILITY FOR THE PEOPLE OF AMERICAN SAMOA REST. TO THIS END, WE ARE COGNIZANT OF OUR FUNDAMENTAL RESPONSIBILITIES TO MEET OUR OWN NEEDS WITH LOCAL RESOURCES AND ONLY SEEK THE HELP OF THE UNITED STATES GOVERNMENT AS A LAST RESORT. WE ARE ALSO COGNIZANT OF THE

NATIONAL PROBLEM WITH THE BUDGET DEFICIT AND WE WILL RESPECT YOUR PRUDENT JUDGEMENT IN LIGHT OF THIS PROBLEM.

FOR AMERICAN SAMOA'S PART IN THE FISCAL YEAR 1990 BUDGET PROCESS, IT IS ESTIMATING TOTAL LOCAL REVENUES OF $52,707,000 TO BE USED IN THE FOLLOWING MANNER.

BASIC OPERATIONS	$30,483,500
SPECIAL PROGRAMS	1,247,000
CAPITAL IMPROVEMENTS	838,500
SELF-SUSTAINING ENTERPRISES:	
ELECTRIC UTILITY	10,258,500
COMMUNICATIONS	7,990,000
AIRPORT OPERATIONS	1,174,500
ROAD MAINTENANCE	388,500
OTHER OPERATIONS	326,500
TOTAL	$52,707,000

THE ABOVE TOTAL OF LOCAL REVENUES COMPARED TO THE $23,250,000 PROPOSED BY THE DEPARTMENT OF THE INTERIOR FOR FISCAL YEAR 1990 REPRESENTS 70% AND 30% RESPECTIVELY.

IN ADDITION TO THE FOREGOING PROPOSED BUDGET, THE NEW ADMINISTRATION OF THE AMERICAN SAMOA GOVERNMENT IS CONFRONTED WITH INHERITED UNCONTROLLABLE SPENDING THAT MUST BE DEALT WITH LOCALLY IN THE CURRENT AND FUTURE FISCAL YEARS. BASED ON PRELIMINARY FINDINGS BY THE DOI INSPECTOR GENERAL'S OFFICE, WHICH I REQUESTED AT THE BEGINNING OF MY NEW ADMINISTRATION, THE AMERICAN SAMOA GOVERNMENT COULD POTENTIALLY END FISCAL YEAR 1989 WITH AN ESTIMATED DEFICIT RANGING BETWEEN $9.6 AND $11.6 MILLION. UNFORTUNATELY, AMERICAN SAMOA HAS NO FALLBACK RESOURCES. ITS RESERVES FOR ECONOMIC STABILIZATION AND EMERGENCY FUND AND INCOME TAX FUND TOTALING APPROXIMATELY $4.0 MILLION HAVE BEEN DEPLETED AND WERE NOT REPLENISHED.

THE PRIMARY CAUSES IDENTIFIED FOR THE POTENTIAL DEFICIT ARE A $1.8 MILLION DEFICIT AT THE END OF FY 1989, THE UNBUDGETED PAY RAISES FOR SOME OF THE MAJOR DEPARTMENTS EXECUTED AT THE BEGINNING OF FY 1989, ROUTINE OBLIGATIONS OF SIGNIFICANT DOLLAR AMOUNTS FOR WHICH THERE WAS NO BUDGET IN THE CURRENT FISCAL YEAR, AND MAJOR FINANCIAL COMMITMENTS FROM PRIOR YEARS FOR WHICH THERE WERE NO RESERVES SET ASIDE.

COMPOUNDING THE DEFICIT PROBLEM ARE OTHER SHORT AND LONGTERM COMMITMENTS WHICH THE ASG MUST TAKE INTO ACCOUNT IN ITS PLANNING

PROCESS FOR LOCAL REVENUES. FOR EXAMPLE, (1) THE FEMA FUNDS FOR THE HURRICANE TUSI DISASTER PROGRAM IN MANU'A ISLANDS COULD INCUR DISALLOWED COSTS OF MORE THAN $2.0 MILLION BASED ON COMMUNICATIONS FROM THE FEMA AGENCY IN REGION IX AND (2) THE $1.5 MILLION TO AMORTIZE THE BOND ISSUE FOR THE NEW ADMINISTRATION BUILDING OVER 20 YEARS PLUS AN ADDITIONAL $2.0 TO $6.0 MILLION FOR FURNISHINGS, ELECTRONIC SYSTEMS AND APPURTENANCES FOR THE BUILDING MUST BE ABSORBED SOMEHOW BY LOCAL RESOURCES.

GIVEN THE DISMAL OUTLOOK PRESENTED ABOVE WITH RESPECT TO LOCAL REVENUES, THE ASG IS COMMITTED TO TAKING DECISIVE ACTIONS TO CORRECT THE DEFICIENCIES WITHOUT DISRUPTING THE LOCAL PRIMARY ECONOMY TO THE EXTENT PRACTICAL. OUR PLAN OF ACTION IS AS FOLLOWS:

A. CONTAINING COSTS:

1. POSITION AUDIT AND SALARY RECLASSIFICATION. PERSONNEL COSTS CONSTITUTE OVER 70% OF THE ASG ANNUAL BUDGET. BECAUSE OF THE RANDOM PAY RAISES, PROMOTIONS AND SHORT-TERM CONTRACT COMPENSATIONS, THE ASG PAY SCALE RELATIVE TO JOBS NEEDS TO BE REEVALUATED IN ITS ENTIRETY. FUNDS HAVE BEEN REQUESTED FROM THE DOI TECHNICAL ASSISTANCE PROGRAM TO HIRE OFF-ISLAND PERSONNEL SPECIALISTS TO RECLASSIFY THE ENTIRE PERSONNEL SYSTEM AS SOON AS POSSIBLE WITH IMPLEMENTATION OF THE NEW SCALE IMMEDIATELY AFTER COMPLETION.

2. GOVERNMENT REORGANIZATION. THE PRESENT ASG ORGANIZATIONAL STRUCTURE HAS TWENTY-SIX AGENCIES REPORTING DIRECTLY TO THE GOVERNOR. OBVIOUSLY, THIS IS INEFFICIENT AND A DISLOCATION OF MANAGEMENT SKILLS. CONCURRENT WITH THE RECLASSIFICATION PROJECT IS A REVIEW OF THE ASG REORGANIZATION TO DEAL WITH THE MANAGEMENT DYNAMICS OF TODAY'S SOCIETY IN AMERICAN SAMOA. THIS PROJECT WILL BE DEALT WITH IN-HOUSE WITH OUTSIDE HELP AS NEEDED.

3. COST CONTAINMENT POLICY. SHORTLY AFTER TAKING OVER THE REINS OF CONTROL OF THE ASG, I INSTITUTED A COST

CONTAINMENT POLICY AIMED AT CONTROLLING GOVERNMENT EXPENDITURES. I EXPECT TO SEE THE RESULTS WHEN THE MID-YEAR REVIEW OF OUR FINANCIAL STATUS FOR FY 1989 IS COMPLETED WITHIN THE NEXT THIRTY DAYS.

4. INVENTORY REDUCTION. ASG INVENTORIES HAVE AVERAGED OVER $3.0 MILLION PER. YEAR. WITH THE EXCEPTION OF MEDICAL SUPPLIES, EFFORTS ARE BEING MADE TO CUT INVENTORIES IN HALF, IF NOT MORE, AND ALLOW THE PRIVATE SECTOR TO SUPPLY THE GOVERNMENT REQUIREMENTS ON AN "AS NEEDED" BASIS.

5. FUNDING ACCOUNTABILITY. ALL ASG AGENCIES HAVE BEEN ASKED TO LOOK AT ALL ELEMENTS OF COSTS (a) TO SEE WHAT CAN BE SAVED BY ELIMINATING UNNECESSARY EXPENSES, (b) TO SEE THAT ALL GOVERNMENT PROPERTY IS ACCOUNTED FOR, AND (c) TO SEE THAT THE FUNDS ARE SPENT IN ACCORDANCE WITH THE PURPOSES FOR WHICH THEY WERE AUTHORIZED.

6. RESCIND LOCALLY FUNDED CIP's. A REVIEW WILL BE MADE OF ALL LOCALLY FUNDED CIP's TO DETERMINE WHICH PROJECTS CAN BE DEFERRED TEMPORARILY OR CANCELLED FOR CONSIDERATION BY THE AMERICAN SAMOA LEGISLATURE.

B. REVENUE ENHANCEMENT:

1. ENFORCE TAX COLLECTIONS. FUNDS FROM THE DOI TECHNICAL ASSISTANCE PROGRAM WERE PROVIDED TO TRAIN LOCAL REVENUE AGENTS IN THE COLLECTION OF INCOME TAXES. AS A RESULT OF THIS EFFORT, WE ARE PUTTING TOGETHER A SPECIAL AUDIT TASK FORCE TO REVIEW AS MANY OF THE TAXABLE ENTITIES WITHIN THE MANPOWER RESOURCES AVAILABLE AND THE TIMEFRAME INVOLVED.

2. COST EFFECTIVE TAX MEASURES. I HAVE INTRODUCED LOCAL LEGISLATION REPEALING THE EXISTING 2% SALES TAX ON ALL COMMODITIES AND SUBSTITUTING A 4% EXCISE TAX ON CERTAIN IMPORTED COMMODITIES WHICH WOULD YIELD TWICE AS MUCH REVENUES AT MINIMAL COST AND AT APPROXIMATELY THE SAME COST IMPACT TO THE CONSUMER. IF APPROVED, IT WOULD

PRODUCE APPROXIMATELY $4.0 MILLION TO DEFRAY MUCH OF THE PROBLEMS THAT CURRENTLY CONFRONT ASG.

3. FEDERAL CATEGORICAL GRANT REIMBURSEMENTS. OVER $4.5 MILLION IN FEDERAL GRANT REIMBURSEMENTS REQUIRE AGGRESSIVE EFFORTS FOR COLLECTION. THESE EITHER REQUIRE NEGOTIATION FOR SETTLEMENT OF OLD ITEMS OR IMPROVED DRAWDOWN PROCEDURES AND DOCUMENTATION. PROGRAMS ARE ALREADY IN PLACE TO MOVE THIS EFFORT TOWARDS FRUITION.
4. OTHER REVENUE SOURCES. ALL OTHER REVENUE SOURCES ARE BEING REVIEWED TO DETERMINE THEIR VIABILITY AND IMPACT ON THE LOCAL ECONOMY IF A DECISION IS MADE TO SEEK AN INCREASE IN RATES OR THE BASES FOR THE CURRENT RATES.

GIVEN THE ABOVE EFFORTS, THE COOPERATION OF OUR LOCAL LEGISLATURE AND THE STABILITY OF THE LOCAL ECONOMY WITHIN THE NEXT TWELVE MONTHS, WE HOPE WE CAN WEATHER OUR PRESENT FINANCIAL DEBACLE. IF NOT, THE ASG, AS A LAST RESORT MUST NECESSARILY LAY OFF GOVERNMENT WORKERS AND REDUCE ESSENTIAL SERVICES TO A BARE MINIMUM TO BE ABLE TO REMAIN A VIABLE ECONOMIC ENTITY OF THE TERRITORY OF AMERICAN SAMOA.

AS I HAVE STATED AT THE BEGINNING OF MY STATEMENT, WE ACKNOWLEDGE OUR BASIC RESPONSIBILITIES AND ONLY COME TO THE U.S. GOVERNMENT AS A LAST RESORT. YOU ARE OUR LAST RESORT AND WE NEED YOUR HELP. TO BE SURE, WE WILL NEED YOUR HELP FOR SEVERAL YEARS TO COME UNTIL WE HAVE PUT OUR OWN ECONOMIC HOUSE IN ORDER. FOR NOW, WE DO NEED ASSISTANCE BADLY BOTH IN THE AREAS OF OPERATIONAL PROGRAMS AND IN ADDITIONAL NEEDS IN CRITICAL CAPITAL IMPROVEMENT PROJECTS FOR OUR CONTINUED EFFORTS TOWARDS SELF-SUFFICIENCY.

1. OPERATIONAL FUNDS. WE APPRECIATE THE DOI'S RECOMMENDATION OF $20,850,000 FOR FISCAL YEAR 1990 BUT BELIEVE IT INSUFFICIENT FROM A PRACTICAL STANDPOINT; AND THEREFORE REQUEST THE RESTORATION OF $1,809,000 CUT FROM ASG'S ORIGINAL REQUEST. AS YOU CAN SEE FROM TABLE I, WHILE THE ASG SHARE OF FUNDING ITS BASIC OPERATIONS CONTINUES TO INCREASE SINCE 1985, THE DOI FUNDING HAS EITHER BEEN REDUCED OR RELATIVELY CONSTANT UP THROUGH FY 1990 WITHOUT REGARD TO INFLATION. IF ADJUSTED IN TERMS OF CURRENT

DOLLARS BASED ON AMERICAN SAMOA'S ANNUAL INFLATION RATE, THE DOI FUNDING FOR OPERATION WOULD HAVE ACTUALLY DECLINED IN TERMS OF REAL DOLLARS AS DEPICTED IN TABLE II. FURTHERMORE, WHILE THE DOLLARS DECLINE, THE POPULATION INCREASED FROM 35,600 IN 1985 TO 38,161 IN 1989 WHILE SCHOOL ENROLLMENT WENT FROM 12,737 IN 1985 TO 16,824 IN 1989 WITH THE CORRESPONDING INCREASES IN STUDENT/TEACHER RATIOS FROM 23:1 TO 31:1 RESPECTIVELY. IF NOT RESTORED, THE LIKELIHOOD OF LAYING OFF 300 EMPLOYEES (AT AVERAGE COST OF $6,000 PER EMPLOYEE) IS IMMINENT.

2. PETROLEUM STORAGE FACILITIES. ATTACHMENT "A" PROVIDES A DETAILED JUSTIFICATION FOR THE $7.5 MILLION REQUEST FOR THIS MOST CRITICAL PROJECT IN TERMS OF SAFETY FOR THE VILLAGE RESIDENTS AND THE MOST BASIC SOURCE OF ENERGY WHICH IMPACT EVERY FACET OF LIFE IN AMERICAN SAMOA. OUR REPORT TO THE SENATE AND HOUSE OF REPRESENTATIVES APPROPRIATION COMMITTEES PURSUANT TO CONFERENCE COMMITTEE REPORT NO. 100 - 862 OFFERS FURTHER DETAILS FOR THIS EXTREMELY IMPORTANT PROJECT.

3. MANU'A RECOVERY PROGRAM. ATTACHMENT "B" PROVIDES DETAILED JUSTIFICATION FOR THIS CRITICAL PROJECT. IT HAS BEEN MORE THAN TWO YEARS SINCE HURRICANE TUSI STRUCK THE ISLANDS OF MANU'A AND YET MANY OF THE SCHOOLS REMAIN TO BE REOPENED, TEMPORARY HOUSES ARE INCOMPLETE AND THE BASIC INFRASTRUCTURE LAYS DORMANT. THE $1,553,000 REQUESTED HERE WILL COMPLETE THE RECOVERY PROGRAM FOR THE PEOPLE OF MANU'A WHILE THE ASG ATTEMPTS NEGOTIATIONS FOR THE DISALLOWED COSTS FOR THE PROGRAM.

4. SCHOOL BUSES AND MAINTENANCE OF EDUCATIONAL FACILITIES. ATTACHMENT "C" PROVIDES DETAILED JUSTIFICATION FOR THE $2,350,000 FOR THIS PROGRAM. THE SAFETY AND WELFARE OF THE SCHOOL CHILDREN ARE PRIMARY CONSIDERATIONS FOR THIS PROJECT WHICH HAS BEEN IGNORED DURING THE PAST. IN ADDITION, AN EXTENSIVE MAINTENANCE PROGRAM WOULD EXTEND THE USEFUL LIVES OF THE SCHOOL BUILDINGS. TO REPLACE THEM WOULD COST MILLIONS OF DOLLARS UNDER CURRENT CONSUMER PRICE

INDEX.

5. WATER IMPROVEMENTS. ATTACHMENT "D" PROVIDES DETAILED JUSTIFICATION FOR THIS $2,050,000 REQUEST FOR WATER IMPROVEMENTS. IMPROVEMENTS TO THESE VILLAGE WATER SYSTEMS WOULD LESSEN DEPENDENCE ON THE ASG SYSTEM, REDUCE WATER RELATED DISEASES AND MAKE AVAILABLE EXTRA CAPACITY FOR FUTURE GROWTH IN INDUSTRIAL AND POPULATION CENTERS.

6. POWER PLANT IMPROVEMENTS. ATTACHMENT "E" PROVIDES DETAILED JUSTIFICATION FOR THIS $8.6 MILLION REQUEST. ELECTRIC POWER CONTINUES TO BE THE MOST VOLATILE ELEMENT IN ASG'S BASIC INFRASTRUCTURE, PERHAPS DUE TO LACK OF OTHER ECONOMICAL ENERGY ALTERNATIVES. FULL OR PARTIAL FUNDING OF THIS REQUEST WOULD GO A LONG WAY TOWARDS ACHIEVING ECONOMIC SELF-SUFFICIENCY.

7. HOSPITAL ROOF REPAIRS. ATTACHMENT "F" PROVIDES DETAILED JUSTIFICATION FOR THIS $700,000 REQUEST. WHILE THE LBJ HOSPITAL FACILITIES LOOK GREAT FROM THE OUTSIDE, IT LEAKS SEVERELY AND DANGEROUSLY INSIDE. CERTAIN SURGICAL PROCEDURES CANNOT BE PERFORMED BECAUSE OF THE HAZARDOUS CONDITIONS CREATED BY THE LEAKAGES. THERE IS $700,000 APPROVED IN THE FY 1989 CIP'S FOR AMERICAN SAMOA FOR THIS PURPOSE WITH ITS RELEASE CONDITIONED ON THE LBJ HOSPITAL BEING RUN AS A SEMI-AUTONOMOUS ENTITY. TO NEGATE THE NEED FOR THIS ITEM, WE REQUEST THE DISTINGUISHED COMMITTEE MEMBERS TO RELEASE THE AUTHORIZED FUNDING TO ALLOW THIS VERY URGENT PROJECT TO BE IMPLEMENTED AT ONCE. IN THE MEANTIME, I HAVE FORMED A TASK FORCE TO REVIEW THE "SEMI-AUTONOMY" CONCEPT IN DETAIL AND PROVIDE A REPORT TO ME, AND SUBSEQUENTLY TO YOUR COMMITTEE, BY THE END OF JULY THIS YEAR. IT IS ENVISIONED THAT THE REPORT WILL OFFER LONG-TERM DIRECTION FOR HEALTH CARE IN AMERICAN SAMOA AND WILL FORM THE BASIS FOR FUTURE RESOURCE ALLOCATION.

8. YOUTH DEVELOPMENT CENTER. ATTACHMENT "G" PROVIDES DETAILED JUSTIFICATION FOR THIS $2.5 MILLION REQUEST. IT IS OUR FIRM BELIEF THAT A PROFESSIONALLY ORGANIZED, EQUIPPED AND COORDINATED YOUTH PROGRAM WILL YIELD MORE EFFECTIVE RESULTS

THAN SEMI-ORGANIZED AND EQUIPPED SATELLITE PROGRAMS. WE HOPE TO PURSUE THIS PROJECT UNDER FEDERAL FUNDS OR ANY OTHER REASONABLE SOURCE AVAILABLE.

9. HOUSING LOANS. ATTACHMENT "H" PROVIDES DETAILED JUSTIFICATION FOR THIS $1.0 MILLION REQUEST. WE BELIEVE THE DETAILS ARE SELF-EXPLANATORY.

10. COURT HOUSE RENOVATIONS. WE ARE REQUESTING $1.0 MILLION FOR THE RENOVATION AND PRESERVATION OF THIS HISTORICAL LANDMARK WHICH ALSO HOUSES THE JUDICIAL BRANCH OF THE AMERICAN SAMOA GOVERNMENT. DUE TO ITS EXPANDED CASE LOAD, SCHEDULING HAS BECOME DIFFICULT AND HAS OFTEN RESULTED IN OVERCROWDED CONDITIONS. MOREOVER, THE LAW LIBRARY AND EQUIPMENT ON THE SECOND FLOOR OF THIS OLD WOOD FRAME BUILDING WILL SOMEDAY BE FOUND RELOCATED ON THE FIRST FLOOR THROUGH NO DELIBERATE CHOICE OF COURT MANAGEMENT AND AT THE RISK OF THE OCCUPANTS DURING THE MOMENT OF RELOCATION. THIS IS AN EXTREMELY IMPORTANT PROJECT AND SHOULD NOT BE JUDGED BY THE NUMBERING SEQUENCE ON THIS DOCUMENT.

IN SUMMARY THE CHART BELOW LISTS THE ADDITIONAL CRITICAL NEEDS OF THE AMERICAN SAMOA GOVERNMENT WHICH, AFTER EXHAUSTING ITS OWN RESOURCES, IS PRESENTED TO YOUR COMMITTEE AS A LAST RESORT.

AMERICAN SAMOA GOVERNMENT

FISCAL YEAR 1990 BUDGET

CAPITAL IMPROVEMENT PROJECTS

(Dollar amounts in thousands)

	PROJECT	OPTION I	OPTION II
1.	GOVERNMENT OPERATIONS	$ 1,809	$ 1,809
2.	PETROLEUM STORAGE FACILITIES	7,500	3,600
3.	MANU'A RECOVERY PROGRAM	1,553	1,553
4.	SCHOOL BUSES & MAINTENANCE	2,350	2,350
5.	WATER IMPROVEMENTS	2,050	2,050
6.	ELECTRICAL POWER IMPROVEMENTS	8,600	8,600
7.	HOSPITAL ROOF REPAIRS	700	700
8.	YOUTH DEVELOPMENT CENTER	2,500	-0-
9.	HOUSING LOAN	1,000	-0-
10.	COURT HOUSE RENOVATIONS	1,000	750
	TOTAL:	$29,062	$20,727

NO DOUBT YOU WILL DRAW YOUR OWN CONCLUSIONS BASED ON THIS DOCUMENT, THE RESULTS OF YOUR OWN THOROUGH RESEARCH, YOUR OWN COMMITMENTS TO THE U.S. INSULAR AREAS, THE PRESSURES FROM THE VARIOUS CONSTITUENCIES YOU SERVE AND THE DATA EXTRACTED FROM ORAL PRESENTATIONS MADE DURING THESE HEARINGS. WE OF THE AMERICAN SAMOA GOVERNMENT WILL RESPECT AND SUPPORT YOUR DECISION REGARDING OUR FY 1990 BUDGET REQUEST.

BEFORE CLOSING, HOWEVER, MAY I REMIND YOU OF TWO SIMPLE FACTS. FIRST, MY ADMINISTRATION IS ONLY THREE MONTHS OLD AND NEW MANAGEMENT INITIATIVES ARE ALREADY IN PROGRESS. SECONDLY, THE AMERICAN SAMOA GOVERNMENT, UNDER THE NEW CONCEPT OF SELF-DETERMINATION, IS ONLY AN ELEVEN-YEAR-OLD POLITICAL CHILD. IT HAS ITS PITFALLS BUT IT NEEDS NURTURING.

THANK YOU, MR. CHAIRMAN, AND THE DISTINGUISHED MEMBERS OF THIS COMMITTEE, FOR THE OPPORTUNITY TO PRESENT OUR FY 1990 BUDGET REQUEST.

AMERICAN SAMOA GOVERNMENT
DOI BUDGET ESTIMATES
FOR FY 1990

OPERATIONS

DOI Ceiling in President's Budget	$20,850,000
American Samoa Government Budget Request	22,659,000
Budget Reduction for Operations	($ 1,809,000)

AGENCY DOI BUDGET REQUEST FOR FY 1990

AGENCY NAME	ASG REQUEST	DOI CEILING	VARIANCE
Education	6,439,000	5,679,000	760,000
Comm. College	1,497,000	1,155,000	342,000
Health	6,397,000	5,527,000	870,000
Port Administration	1,061,000	761,000	300,000
Public Works	4,611,000	5,513,000	(902,000)
Legal Affairs	799,000	494,000	305,000
Public Safety	1,142,000	1,025,000	117,000
High Court	713,000	696,000	17,000
TOTAL REQUEST	$22,659,000	$20,850,000	$1,809,000

DOI CONTRIBUTION BY DEPARTMENT AND FY

(000)

AGENCY NAME	1985	1986	1987	1988	1989
Education	5,679	5,349	5,679	5,679	5,679
College	1,195	1,055	1,155	1,155	1,155
Health	5,519	5,289	5,527	5,527	5,527
Port Administration	761	728	761	761	761
Public Safety	1,014	981	1,025	1,025	1,025
Public Works	5,600	4,790	5,527	5,513	5,513
Legal Affairs	494	473	494	494	494
High Court	622	622	622	622	622
TOTAL	$20,844	$19,287	$20,776	$20,776	$20,776

TABLE I

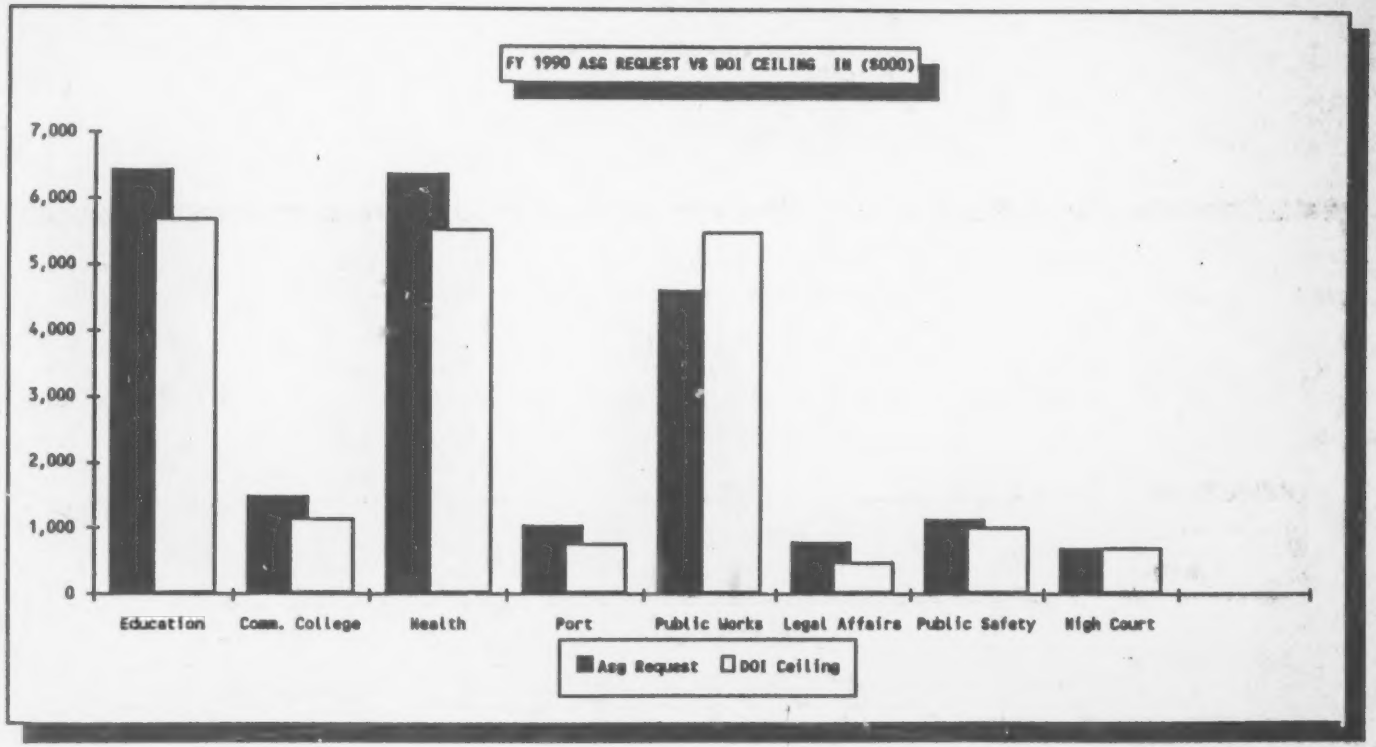
FY 1990 ASG REQUEST VS DOI CEILING IN ($000)
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
Education
Comm. College
Health
Port
Public Works
Legal Affairs
Public Safety
High Court
Asg Request
DOI Ceiling

TABLE I

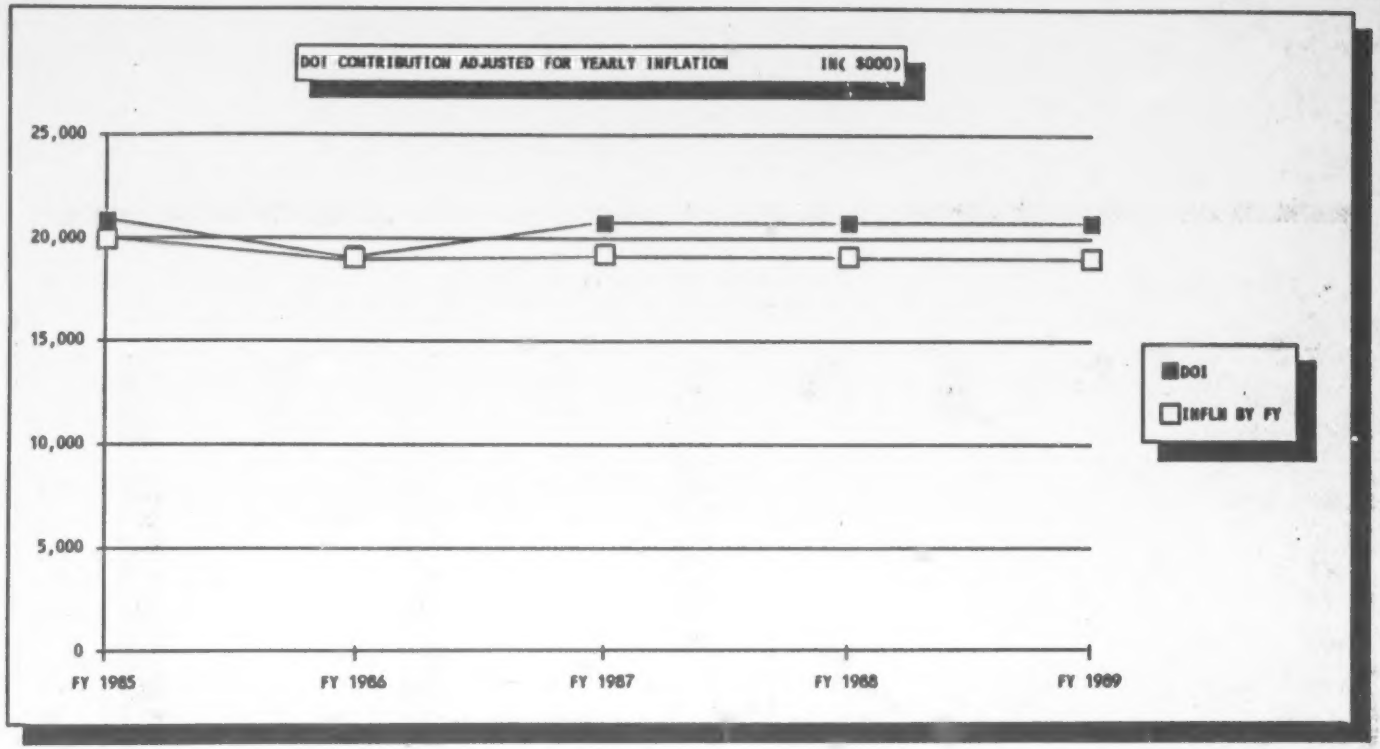
DOI CONTRIBUTION ADJUSTED FOR YEARLY INFLATION IN($000)
25,000
20,000
15,000
10,000
5,000
0
FY 1985
FY 1986
FY 1987
FY 1988
FY 1989
DOI
INFLN BY FY

TABLE II

Justification of Program and Performance

Activity: American Samoa

Subactivity: Construction Grants

		Total Estimated Cost	FY 1990 Request
Project:	Reconstruction of Petroleum Storage Facilities	$7,500,000	$3,600,000

Statement of Need: The petroleum storage was originally constructed during 1941-42 by the U.S. Navy. It was part of W.W. II Defense in the Pacific Region and was continuously operated by the U.S. Navy until 1951 when American Samoa was abandoned as a Naval base. The facility has deteriorated to the point where it cannot be repaired. Over the past two years, two motor gasoline storage tanks have ruptured as has the primary jet fuel storage tank. Service pipes have broken causing spills and several leaks have caused hazardous conditions as well.

Description: Please see Appendix #1 attached.

Project Costs: Please see Appendix #3 attached.

Project Funding: Please see Appendix #2 and #3 attached.

1990 Project Schedule: Please see Appendix #3 attached.

Benefits: This plan will assist in making the Territory more self-sufficient and secure by generating rental and tax revenues. Creating business opportunities and jobs for American Samoans, terminating the present antitrust judgement that has burdened the facilities. It will assume compliance with current safety and environment standards, establish a stable source of petroleum supply and, most importantly, eliminate the present hazards to the nearby village caused by the tank farm.

ATTACHMENT "A"

Appendix 1

AMERICAN SAMOA GOVERNMENT
PETROLEUM STORAGE FACILITIES
STORAGE TANK REPLACEMENT

PRESENT TANKAGE			PROJECTED TANKAGE		
No.	Product	Capacity (bbl.)	Action-No.	Product	Capacity (bbl.)
1	Avgas	2,500	New 1	Avgas	2,500
2	Mogas	2,500	New 2	Mogas	15,000
3	Mogas	10,000	Convert 3	Water	N/A [1]
4	Mogas	10,000	New 4	Mogas	10,000
5	Diesel	55,000	New 5	Diesel	90,000
6	Diesel	55,000	New 6	Diesel	90,000
7	Jet	13,500	Repair 7	Jet	13,500 [3]
8	Jet	27,000	Repair 8	Jet	27,000 [3]
9	Mogas	2,500	Convert 9	Slop	N/A [2]
10	Diesel	13,500	Bolted	Diesel	13,500 [4]
11	IFO	13,500	Bolted	IFO	13,500 [4]
12	Diesel	13,500	Bolted	Diesel	13,500 [4]
			New 13	Jet	5,000 [5]
TOTAL		218,500			293,500

[1] Tank No. 3 to be converted to water for fire fighting system. (Not useable for product storage.)

[2] Tank No. 9 to be converted to slop tank for contaminated fuels and sludge for waste storage. (Not useable for clean product storage.)

[3] Repairs (relining) will extend life of jet fuel tank an estimated 10 years.

[4] Tanks No. 10, 11 and 12 are of bolted construction and may be used for either diesel or IFO. The tanks have a life expectancy of 5-7 years.

[5] New tank No. 13 will be located at airport and will increase jet fuel storage capacity slightly to satisfy the increased demand.

Appendix 2

AMERICAN SAMOA GOVERNMENT
PETROLEUM STORAGE FACILITIES
CAPITAL IMPROVEMENT PROJECT
PHASE I - 1988

PROJECT NO.	DESCRIPTION	ESTIMATED COST	STATUS
1	Replace 2 mogas tanks (25,000 bbl.)	$ 530,000	July 1989
2	Rebuild containment berms and fences	35,000	Complete
3	Rebuild tank truck load rack	16,000	Complete
4	Restore oil/water separators	50,000	July 1989
5	Mogas tank site preparation & drainage correction	713,000	July 1989
6	Water loop system	100,000	July 1989
7	Upgrade electrical system	185,000	March 1989
8	Repave terminal after construction	[14,000]	Defer [1]
9	Oil dock filter separator	12,000	Complete
10	Oil dock housing	11,000	Complete
11	Rebuild pumphouse	-0-	Included in No. 6
12	Laboratory reconstruction	15,000	Complete
13	Terminal building repairs	[25,000]	Defer [1]
14	Oil dock fence	[15,000]	Defer [1]
15	Oil dock lights	-0-	Included in No. 7
16	Load rack containment basins	50,000	May 1989
17	Fire foam system	[90,000]	After completion of mogas tanks [2]
18	Airport fuel pump	15,000	June 1989
19	Stand-by generator	-0-	Included in No. 7
20	Cathodic pipeline protection	80,000	August 1989
		$1,812,000	

Funding:		
Federal Appropriation	$1,000,000	
Terminal Fees	767,000	1,767,000
Balance from 1989 Terminal Fees		$ 45,000

[1] To be deferred until sufficient terminal fee revenues accrued.

[2] To be funded by suppliers.

Appendix 3

AMERICAN SAMOA GOVERNMENT
PETROLEUM STORAGE FACILITIES
CAPITAL PROJECTS 1989 - 1992

PROPOSED PROJECTS

1989	
Replace Jet Fuel Tank Bottoms	$ 500,000
	$ 500,000
1990	
Replace Avgas Tank (2,500 bbl.)	$ 200,000
Replace Mogas Lines	200,000
Jet Fuel Tank-Airpor (5,000 bbl.)	375,000
Replace Diesel Tank (90,000 bbl.)	2,000,000
Replace Jet Lines	200,000
Replace Diesel/IFO Rack	50,000
Replace Slop Tank Lines	200,000
Convert Mogas to Slop Tank	60,000
Survey Tank 5 & 6 placement	30,000
Contingencies	285,000
Sub-Total:	$3,600,000
1991	
Replace 2nd Diesel Tank (90,000 bbl.)	$2,000,000
Replace Diesel Lines	300,000
Replace Diesel Pumphouse	50,000
Replace Airport Rack	150,000
Sub-Total:	$2,500,000
1992	
Replace Terminal Rack	$ 450,000
Replace Airport Hydrants	300,000
Replace Oil Dock Lines	150,000
Sub-Total:	$ 900,000
TOTALS:	$7,500,000

Justification of Program and Performance

Activity: American Samoa

Subactivity: Construction Grants

		Total Estimated Cost	FY 1990 Request
Project:	Manu'a Disaster Recovery Program	$1,553,000	$1,553,000

Statement of Need: Following the January 1987 Tusi Hurricane Disaster on the Manu'a Islands, both federal dollars in the form of FEMA Assistance and ASG dollars in the way of insurance funds have been used to bring life on the islands back to livability. Much work has been accomplished, rebuilding schools, homes, etc. However, much remains to be done in other physical area in the way of infrastructure to complete the recovery program.

Description: The funds requested will be used in the following areas to restore village life to its earlier condition:

A. Medical Dispensaries: These facilities were destroyed by Tusi. Complete reconstruction is necessary and timely for the health and medical needs of the islanders.

B. Road Repairs: For island transportation, roads are vital. It has fallen to the Public Works Department to rebuild and repair these facilities. Transport of machinery and personnel is time consuming as the sea does not always cooperate in the landing of supplies.

C. FEMA Housing: The living conditions of the islanders must be returned to normal. American Samoa has few experienced contractors and/or craftsmen. Almost all construction material, wood, cement, roofing, nails, plumbing supplies, etc. must first come to Tutuila and then be transshipped to Manu'a depending on the weather and sea conditions. This problem was exacerbated by the joint decision of FEMA and the ASG to promote local contractors to do the work. Added to that was conflicting instructions by two different FEMA regional offices and the absence of a FEMA local representative which has been repeatedly requested. We must work through all this as quickly as possible so that the people on Manu'a Islands can return to normality at the earliest possible time.

D. Sea Walls: The sea walls are vital to both Ta'u and Olosega so as to diminish continuing erosion by the sea. They will also provide additional protection in the event of future storms.

E. Agriculture Roads: These village to plantation roads were virtually totally destroyed by the Tusi Hurricane. Agriculture was also wiped out however, new planting has been well started and these roads are necessary for the transport of produce from the plantations to the villages. The reestablishment of local farm pro-

ductivity is vital for the islanders to return to normal conditions and these roads form a vital link in that chain.

F. Ofu TV Road: Again, in returning to normality, this road is vital for the operation and maintenance of the TV repeater station for the islands. TV supplies most of the island entertainment, and is also used in the school system as an educational tool.

Project Funding: This project needs to be funded by a federal grant in the amounts as follows:

Medical Dispensaries	$ 95,000
Road Repairs	569,000
FEMA Housing	338,000
Sea Walls	300,000
Agriculture Roads	66,000
Ofu TV Road	45,000
Contingencies (10%)	140,000
TOTAL:	$1,553,000

Benefits: This project which has six different areas is vital to the restoration of life and the quality of living for the Manu'a Islanders. Health services and living conditions are the backbone of any society. Roads are necessary for the transport of people and produce. The seawalls will help protect against the irrepressible sea, and the TV station helps people get their minds off of the problem's of reconstructing their homes and environment.

ATTACHMENT "B"

Justification of Program and Performance

Activity: American Samoa

Subactivity: School Buses

	Total Estimated Cost	FY 1990 Request
Project: School Buses	$350,000	$350,000

Statement of Need: The present school bus fleet consists of more than 40% being in excess of ten (10) years old. Five (5) of these busses were acquired in 1975 and replacement parts are no longer manufactured to the supplier. Federal regulations provide for an active life of five (5) years of operation and then be surveyed. The school pupil population has increased by 6% since September, 1985, however, no new busses have been added to the fleet.

Description: The $350,000 will provide ten (10) additional busses for the antiquated bus fleet. It is expected that school pupil population will continue to increase and additional busses will undoubtably be necessary.

Project Cost: 10 Busses @ $35,000 $350,000

Project Funding: This project needs to be funded from a federal grant due to insufficient local revenues. The American Samoa Government will maintain and operate the busses during their life-time of service on the island.

Benefits: These replacement busses will provide safe and efficient transportation for the school population. This will give the school system some breathing room for the establishment of a program for the orderly replacement of the present fleet over the next several years. Our school population continues to grow and we must operate and maintain the school bus fleet in such a manner as to keep up with this growth.

ATTACHMENT "C"

Justification of Program and Performance

Activity: American Samoa

Subactivity: Construction Grants

		Total Estimated Cost	FY 1990 Request
Project:	Maintenance and repairs of school Facilities	$2,000,000	$2,000,000

Statement of Need: Recent inspections by the Department of Public Works of all the Department of Education's facilities in conjunction with the Administration's effort to upgrade all ASG facilities has identified that about 90% of all school facilities are over twenty (20) years old and in desperate need of repair and renovation. Many buildings have shown signs of deterioration since most of the schools are located alongside the shoreline exposed to salty ocean spray, which requires routine maintenance on a regular basis. Many of these schools were constructed in the early 1960's with concrete frame and cedar shingles roofing. High humidity and heavy rainfall are conditions that have contributed to facilities deterioration. No major renovation has ever been done to these facilities since they were constructed due to insufficient local revenues.

Description: The $2,000,000 requested for FY 1990 will begin the maintenance program of all school facilities for twenty three (23) consolidated public elementary and five (5) high schools in the territory.

The maintenance program will include reroofing, window replacements, and repairs of the building structures. The estimated cost for reroofing is $25,000 per building.

Project Cost:

Reroofing	$1,000,000
Repairs and Renovations	1,000,000
TOTAL:	$2,000,000

Project Funding: The maintenance program of all school facilities needs to be funded from a federal grant because of lack of local revenues. The Department of Education will allocate about $200,000 of its annual budget to continue the maintenance program once this task is completed.

Benefits: This maintenance program will greatly extend the useable life of the school facilities in question. By beginning this program at this time we introduce economies of great scale for the future of the school system. The median age of the American Samoa population is nineteen years so the pressure on these buildings in the forseeable future is great. American Samoa's future is in the education of it's students. This program will be a great step forward to prepare our leaders of tomorrow.

Justification of Program and Performance

Activity: American Samoa

Subactivity: Construction Grants

	Total Estimated Cost	FY 1990 Request
Project: Power System Developments	$8,600,000	$8,600,000

Statement of Need: American Samoa's population has increased by about 10% from 35,600 in 1985 to 38,161 in 1989. A major economic expansion which still continue has accompanied and supported this increase.

This has entailed the opening of many new businesses and construction of new homes as evidenced by a long waiting list for home loans at the American Samoa Development Bank, the exhaustion of loanable capital home loans at the ASG Employees Credit Union and the increasing demand for home loans from local private financial institutions. American Samoa Industrial Park is expanding to add more lots for new business as the Park's original area gradually increased to full capacity.

Description: In order to significantly improve the reliability and quality of power supply at affordable rates, American Samoa must commit to this agenda of developments in the next 2-3 years.

1. Replace the entire distribution system in accordance with standards of Rural Electrification Association (REA and conduct linemen training.

2. Construct a new fully equipped powerhouse at Satala to house replacement and additional generating equipment.

3. Replace electrical switchgear in Satala with new equipment that will be housed in the new powerhouse.

4. Construct a new 34.5 kv transmission powerline with new 10/12.5 MVA transformers, that will tie the Tafuna and Satala power plants.

5. Install a 4 to 5 MW cogenerating plant at Satala that will produce power and process steam for the cannery.

6. Rehabilitate and recondition present generating equipment where this is feasible and cost effective.

Project Costs: It is estimated that the total cost is $8.6 million.

Estimated Project Period:	Scope of Work	Amount
Phase 1	• Purchase and install one 2.5 MW second hand EMD and associated equipment, or rebuild the second 3.0 MW Nordberg in Satala.	$500,000
	• Construct powerlines and linemen training.	500,000

	• Design and prepare construction drawings and bid specifications for the control room, powerhouse and new 13.2 kv switchgear.	80,000
	• Prepare feasibility study and preliminary designs of a 4.5 MW cogenerating plant (Joint venture with cannery).	30,000
	Sub-Total:	$1,100,000
Phase 2	• Relocate warehouse and construct distribution workshop, offices store and security fence at the Tafuna site.	150,000
	• Detail design and preparation of work drawings, specification and bid documents for the 4-5 MW cogen plant (Joint venture with cannery).	40,000
	• Construct control/switch room annex for new powerhouse at Satala. Install and commission new 13.2 kv switchgear and transfer feeders from old switchboard.	1,300,000
	• Construct a new 34.5 kv transmission power line with new 10 MVA transformers to tie Tafuna and Satala powerplants.	900,000
	• Construct powerhouse machine hall (4 bays) and complete electrical installation.	2,000,000
	Sub-Total:	$4,390,000
Phase 3	• Purchase, install and commission the first 4.5 MW cogenerating plant and install steam lines and ancillary steam plant.	$3,100,000
	Sub-Total:	$3,100,000
	TOTAL ESTIMATE COST:	**$8,600,000**

Implementation Schedule:

- Phase I 1990	$1,110,000
- Phase II 1991	4,390,000
- Phase III 1992	3,100,000
TOTAL:	**$8,600,000**

Benefits: This major project is intended to provide steady, reliable electric energy for the islands growing population and economy. In order to attract new commercial and industrial businesses, the current problem of fluctuating electrical power along with power outages must be curtailed. This project

taken in three major phases will accomplish that. Training for personnel is vital for the maintenance and construction of any power authority. The replacement of worn out equipment and powerlines will be the backbone of our electric system for many years into the future. The completion of phase 3 will place the American Samoa Power Authority in the forefront of all the Pacific area. These three phases are considered vital and necessary for our islands continued population and economic growth.

ATTACHMENT "E"

Justification of Program and Performance

Activity: American Samoa

Subactivity: Construction Grants

		Total Estimated Cost	FY 1990 Request
Project:	L.B.J. Hospital - Roof Repairs	$700,000	$700,000

Statement of Need: The Department of Public Works has completed a through review of the physical condition of the hospital facilities. Examination shows that the buildings roof has deteriated to the point that patch repair is impossible. It is in the interest of the hospital patients and facilities to correct this problem and halt the structual damage that is ongoing due to water entering under the present roofing.

Description: The complete removal of the present roof with an inspection of structual members which will be replaced when and where needed. The cost of this project is estimated at $700,000.

Project Funding: The project needs to be funded from a federal grant. The L.B.J. Hospital maintenance crew will keep up with the roof wear and tear once the new roof is installed.

Benefits: This new roof will add to the structural life of the entire facility. It will also add to the safety and comfort of the Doctors, Nurses, and Patients using the facility. At this time it is vital that the roof be replaced.

ATTACHMENT "F"

Justification of Program and Performance

Activity: American Samoa

Subactivity: Construction Grants

	Total Estimated Cost	FY 1990 Request
Project: Youth Development Center	$2,500,000	$2,500,000

Statement of Need: The median age of the American Samoa population is 19 years. The greater proportion of these youths do not engage in structured sports programs and hence are left with either nothing to do or congregate in gangs which can lead to serious trouble. This center will give them a place to meet and establish interaction with each other. We forsee that cultural and social programs will be established as well as "pickup" sports programs for both boys and girls with both inside and outside activities being constructed.

Description:

1. Multipurpose center of approximately 26,000 sqare feet consisting of three (3) basketball courts for general use, convertible into a single court with bleacher seating for 1,000 people for tournament. Equipped with score board, backboards, wooden floor and collapsible bleachers. If possible this area should be naturally ventilated and to be used for social events.

2. Multi-purpose room of approximately 1,500 square feet consisting of a single room with a movable divider to convert into two (2) separate areas. Wood floors with removable mats, and equipment along walls. Storage room adjacent for specialty equipment. Mechanically air conditioned.

3. Nautilus and weight lifting room, approximately 500 square feet. Carpeted room acoustically softened. Mechanically air conditioned.

4. Toilet/Locker rooms, approximately 3,400 square feet. These areas will be tiled for ease of maintenance and durability. Approximately 200 half size lockers for me and women. Ten (10) showers with common drying areas each. Dry lavatory areas. Mechanically air conditioned.

5. Offices, counseling and conference area approximately 2,000 square feet. This will house the administrative areas, maintenance staff and conference rooms. Mechanically air conditioned.

Estimated Project Costs: It is estimated that the design and shell construction costs to be approximately $1,500,000 excluding landscaping and paved parking lot. In addition, the cost of equipment and furnishings will be approximately $1,000,000, which should include the necessary furnishings for the administrative areas. The two items combined total $2,500,000 for the entire project.

Breakdown of Project Costs:

Phase:	Description:	Cost
I	Conceptual layout of structure and cost estimate	$ 30,000

II	Preliminary layout drawing, selection of materials, construction options and details of structure	45,000
III	Work drawings ready for bid	80,000
IV	Construction, equipment & furnishings	2,100,000
	Contingencies	245,000
	Total Estimated Costs:	$2,500,000

Estimated Project Schedule:

Phase I	2 months
Phase II	3 months
Phase III	3 months
Phase IV	9 months
Overall Project Schedule:	1 1/2 years

The above estimated schedule can be reduced by about three months if necessary with minor cost consequence. Further time could be reduced if the entire project from design to construction is given as a package.

Project Funding: The project needs to be funded from a federal grant. Following construction the American Samoa Government will staff and maintain the facility.

Benefits: The Development center will serve as a focal point within American Samoa for cultural education and transfer of local history and color. It will also serve as a place for our youth to watch and learn the process of social interaction via games, video's, dances, etc. Finally it will be a great place for our youth to run off excess energy in various sports games in season. By these methods we expect to channelize their energy into productive rather than destructive areas.

ATTACHMENT "G"

Justification of Program and Performance

Activity: American Samoa

Subactivity: Housing Loan

	Total Estimated Cost	FY 1990 Request
Special Program: Housing Loan	$1,000,000	$100,000,000

Statement of Need: The American Samoa Development Bank has stated that over 1,500 applications for home loans are on file and awaiting funding either for new construction or renovation. Some of these applications date back to 1980. With the present loan ceiling of $20,000, the total funding required would be some $20,000,000. The American Samoa Government has sought other financing means to meet this demand, however, limited financing sources preclude accomodation of the present housing demand.

About $980,000 was allocated to the Development Bank four years ago. This amount is being reserved for home loans by the Development Bank with the two local funding banks, (1) Amerika Samoa Bank and (2) Bank of Hawaii.

Amerika Samoa Bank has committed $2,000,000 for phase one and two of the Home Loan Guarantee Program, thus the Development Bank has to reserve $500,000 of the $980,000 against the $2.0M in loans.

The Bank of Hawaii has committed $1,500,000 for phase one and two of the Home Loan Guarantee Program, which means that the Development Bank has to reserve $375,000 of the $980,000 against the $1.5M. The Development Bank has remaining and unreserved about $105,000 for the Home Loan Guarantee Program.

Description: Funds requested in FY 1990 will be admiinstered by the American Samoa Development Bank and made available to the public for home loans. The $1,000,000 will be used to fund the construction and permanent financing of approximately fifty (50) new homes in the loan program.

Project Cost: Standars Size Home (3 bedroom)

24' x 40' @ $20,000	=	$20,000
$1,000,000/20,000	=	50 homes
50 homes @ $20,000	=	$1,000,000

Project Funding: The Project needs to be funded from a federal grant because of lack of local resources.

Benefits: This program, which is really a revolving fund will enable American Samoan's to upgrade their living standard by constructing stable weather proof residences. The funds will be loaned locally with the construction materials purchased locally as well. This effort will provide employment for additional American Samoa's who in turn will pay into the Treasury additional income tax. The entire effort will enhance the island economy and living standard of our people.

ATTACHMENT "H"

STATEMENT OF LETULI TOLOA, PRESIDENT OF THE SENATE, AMERICAN SAMOA

HONORABLE CHAIRMAN AND MEMBERS OF THE APPROPRIATIONS SUBCOMMITTEE; I AM HONORED TO APPEAR BEFORE THIS DISTINGUISHED BODY TO TESTIFY IN SUPPORT OF OUR BUDGETARY REQUEST FOR FISCAL YEAR 1990. WE COME BEFORE YOU UNITED IN THE EFFORT TO SEEK AND GAIN YOUR SUPPORT AND APPROVAL OF THE BASIC OPERATIONS NEEDS AND PROPOSED CAPITAL IMPROVEMENT PROJECTS APPROPRIATIONS FOR AMERICAN SAMOA AS PRESENTED BY GOVERNOR PETER TALI COLEMAN.

THE BUDGET SUBMITTED BY THE DEPARTMENT OF INTERIOR FOR AMERICAN SAMOA IN FY 1990 TOOK AWAY $1.809 MILLION FROM THE BASIC OPERATIONS REQUIREMENTS. I ASK ONCE AGAIN THAT THIS SUBCOMMITTEE RESTORE THIS AMOUNT IN ORDER FOR THE AMERICAN SAMOA GOVERNMENT TO MAINTAIN THE SAME LEVEL OF SERVICES AND TO COPE WITH THE IMPACT OF RISING INFLATION AND POPULATION GROWTH. I AM SURE THAT THIS DISTINGUISHED SUBCOMMITTEE KNOWS THAT IN THE LAST FIVE YEARS, THE DEPARTMENT OF INTERIOR CONTRIBUTION THROUGH GRANT-IN-AID HAS REMAINED AT THE $20.8 MILLION LEVEL WHILE THE AMERICAN SAMOA GOVERNMENT CONTRIBUTION TO THE SAME FEDERALLY FUNDED PROGRAMS GREW FROM $9.0 MILLION IN FY 1985 TO $14 MILLION IN FY 1989. DURING THE SAME PERIOD, THE DEFICITS CAUSED BY INFLATION RATE OF APPROXIMATELY FOUR PER CENT ANNUALLY WERE ABSORBED BY THE AMERICAN SAMOA GOVERNMENT SO THAT THE SAME LEVEL OF SERVICES ARE MAINTAINED. THUS, WE ASK THAT YOU GIVE DUE CONSIDERATION TO OUR REQUEST FOR THE RESTORATION OF THE $1.809 MILLION FOR BASIC OPERATIONS NEEDS. FURTHERMORE, IN THE EVENT THE ABOVE REQUEST IS NOT GRANTED, WE ASK THAT

THIS SUBCOMMITTEE GIVE FAVORABLE CONSIDERATION TO THE GOVERNOR'S RECOMMENDATION TO REPROGRAM FUNDS EARMARKED FOR THE HOSPITAL FROM FY 1989 BUDGET AND THE PROPOSED ALLOCATION FOR THE GYMNASIUM TO OUR BASIC OPERATION BUDGET.

AS FOR THE CAPITAL IMPROVEMENT PROJECTS LISTED IN THEIR ORDER OF PRIORITY, I WOULD LIKE TO FIRST EXPRESS MY APPLICATION FOR FAVORABLY CONSIDERING THE $5.4 MILLION PROPOSED APPROPRIATION, SECONDLY, WITHOUT COMPROMISING THE PRIORITIES FOR CIP SET, I WOULD LIKE TO SPEAK WITH RESPECT TO THE PROPOSED CAPITAL IMPROVEMENT FUNDING FOR THE COURTHOUSE. OF GREATEST CONCERN IS THREAT TO PEOPLE'S LIVES PRESENTED BY THE CONDITION OF THE HIGH COURT OF AMERICAN SAMOA. SIMPLY PUT, THE BUILDING IS "UNSAFE" UNDER UNIFORM BUILDING (U.B.C.) REQUIREMENTS ESTABLISHED FOR AMERICAN SAMOA. FIRST, THE EXISTING FOUNDATION AND FLOORING DO NOT MEET U.B.C. STANDARDS. ACCORDING TO A STRUCTURAL STUDY OF THE COURTHOUSE UNDERTAKEN IN DECEMBER 1987 BY HASTINGS ASSOCIATES AT THE REQUEST OF THE DEPARTMENT OF PUBLIC WORKS, IN THE EVENT OF AN EARTHQUAKE "THE PRESENT FLOOR SYSTEM COULD PARTIALLY OR TOTALLY FAIL CAUSING LOSS OF PROPERTY AND SEVERELY ENDANGERING THE PEOPLE WORKING IN THE BUILDING AND THE PUBLIC". A SECOND STUDY CONDUCTED IN NOVEMBER 1989 STATED THAT DUE TO DRY ROT AND TERMITE DAMAGE, THE VERTICAL WALLS ARE BARELY ADEQUATE TO SUPPORT THE LOADS PRESENTLY PLACED ON THEM. FURTHER DETERIORATION OR ADDITIONAL STRESSES CAUSED BY A HURRICANE OR AN EARTHQUAKE MIGHT LEAD TO MAJOR DAMAGE TO THE BUILDING AND ITS OCCUPANTS. IN ADDITION TO THESE LIFE THREATENING CONDITIONS, THE COURTHOUSE HAS A HOST OF "MINOR' PROBLEMS WHICH RANGE FROM FLOOR BOARDS THAT ARE "COMPLETELY ROTTEN IN EVERY RESPECT" TO SECTIONS OF THE ROOF THAT MAY BECOME DETACHED IN HIGH WINDS.

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THE BUILDING PRESENTLY HOUSING THE HIGH COURT IS ONE OF THE OLDEST IN THE TERRITORY. IN ADDITION TO ITS PRESENT ROLE, IT HAS SERVED AS EVERYTHING FROM THE TERRITORIAL COMMUNICATIONS OFFICE TO THE GOVERNOR'S OFFICE. BECAUSE OF ITS ARCHITECTURE AND THE ROLE IT HAS PLAYED IN THE HISTORY OF AMERICAN SAMOA, THE COURTHOUSE HAS BEEN LISTED IN THE NATIONAL REGISTER OF HISTORIC PLACES OF THE UNITED STATES. ACCORDINGLY, ANY STRUCTURAL CHANGES NEEDED TO BRING THE BUILDING UP TO CODE SHOULD PRESERVE THE FACADE AND EXTERNAL DESIGN OF THE BUILDING. I SINCERELY HOPE THAT YOU CONSIDER FAVORABLY THE REQUEST FOR THIS PROPOSED CAPITAL IMPROVEMENT PROJECT.

FINALLY, MR. CHAIRMAN, OUR PRESENCE HERE TODAY MARKS A REAFFIRMATION OF THE TREATY AGREED TO BY OUR ANCESTORS OVER EIGHTY-NINE YEARS AGO IN WHICH THIS GREAT NATION EXTENDED HER PROTECTION OVER ITS SOUTHERN MOST TERRITORY IN THE WORLD. AND FOR THE PEOPLE OF AMERICAN SAMOA TO STAND TALL AMONGST ITS ISLAND NEIGHBORS WAVING AND LIVING THE AMERICAN IDEALS AND IDEAS WHILE PRESERVING THEIR CUSTOMS AND TRADITIONS. THIS IS THE ESSENCE OF OUR LONG STANDING RELATIONSHIP. WE ARE MINDFULL OF THE DEFICIT PROBLEMS FACING THE FEDERAL GOVERNMENT AND WE ARE COMMITTED TO INCREASE OUR SHARE IN THE STRUGGLE TOWARDS MORE ECONOMIC, SOCIAL AND POLITICAL AUTONOMY. I AM SURE CONGRESS WOULD LIKE THAT. AND WITH YOUR CONTINUED SUPPORT AND GUIDANCE, THE PURSUIT OF OUR SHARED DREAMS FOR A MORE SELF-SUSTAINING GOVERNMENT FOR AMERICAN SAMOA WILL BECOME A REALITY.

STATEMENT OF TAUNA'ITAU F. TUIA

HONORABLE CHAIRMAN AND DISTINGUISHED MEMBERS OF THE APPROPRIATIONS SUBCOMMITTEE; IT IS AN HONOR TO APPEAR BEFORE YOU ONCE AGAIN TO OFFER TESTIMONY, IN SUPPORT OF OUR BUDGET REQUEST FOR FISCAL YEAR 1990.

THE GOVERNOR HAS PRESENTED OUR NEEDS AND THE CORRESPONDING FINANCIAL REQUIREMENTS TO ADDRESS THESE NEEDS. WHILE THE AMOUNTS INCLUDED BY THE DEPARTMENT OF THE INTERIOR FOR AMERICAN SAMOA FOR FISCAL YEAR 1990, FALL SHORT OF OUR TOTAL FINANCIAL NEEDS, WE ARE MINDFUL OF THE MANY DEMANDS BEING PLACED ON LIMITED AVAILABLE RESOURCES. I WOULD LIKE TO ECHO THE SENTIMENTS EXPRESSED BY THE GOVERNOR REGARDING OUR HOPES IN BEING AN EQUAL PARTNER IN THE AMERICAN FAMILY, MANIFESTED IN THE EQUAL SHARING OF THE COST OF MEETING THE NEEDS OF OUR PEOPLE. OUR PRESENCE EACH YEAR BEFORE YOU, PETITIONING YOUR SUPPORT AND INTERVENTION ON OUR BEHALF FOR RESTORATION OF FUNDS RECINDED BY THE DEPARTMENT OF THE INTERIOR, DOES LITTLE TO BOLSTER OUR SELF ESTEEM AT BEING A FULL FLEDGE MEMBER OF THE AMERICAN FAMILY. WE ARE VERY APPRECIATIVE OF THE COMMITMENT BY THIS SUBCOMMITTEE, FOR YOU HAVE BEEN VERY RESPONSIVE AND VERY GENEROUS IN THE ACTIONS YOU HAVE TAKEN IN THE PAST TO MEET THE NEEDS OF YOUR PEOPLE IN THE PACIFIC.

THE TERRITORY OF AMERICAN SAMOA IS BEGINING ITS SECOND DECADE OF POLITICAL AUTONOMY. IN EIGHT (8) OF THE FIRST TEN YEARS OF LOCALLY ELECTED GOVERNOR AND LT. GOVERNOR, I WAS PRIVILEGED TO SERVE OUR PEOPLE AS THE SPEAKER OF THE AMERICAN SAMOA HOUSE OF REPRESENTATVIVES. DURING THESE EIGHT YEARS, I HAVE APPEARED BEFORE THIS ILLUSTRIOUS BODY, ASKING FOR YOUR SUPPORT. I AM SURE THAT SOME OF YOU MAY FEEL THAT THIS IS THE SAME RHETORIC YOU HEAR EACH YEAR FROM YOUR INSULAR AREAS. THIS CONCEPTION LEAVES ME WITH A FEELING OF UNEASINESS, AS OUR PRESENCE BEFORE YOU TODAY, SEEKING FINANCIAL REPRIEVE, SUPPORTS SUCH A PERCEPTION AND TAINTS OUR RESOLUTION TO BE SELF SUFFICIENT.

FOR THE LAST TEN YEARS THE POPULATION OF THE TERRITORY HAS GROWN AT A RATE OF 1.9% ANNUALLY. INFLATION HAS ALSO CLIMBED DURING THE SAME PERIOD. THESE TWO FACTORS BY THEMSELVES INFLATE THE COST OF GOVERNMENT SERVICES. CONTRIBUTIONS BY THE FEDERAL GOVERNMENT THROUGH GRANT-IN-AID

REMAINED CONSTANT OVER THE SAME PERIOD. THE AMERICAN SAMOA GOVERNMENT, HAS THEREFORE ABSORBED THE ANNUAL INCREASE IN THE COST OF SERVICES. THUS, ALTHOUGH WE ARE HERE EVERY YEAR, ASKING FOR YOUR SUPPORT, REST ASSURED THAT WE ARE MAKING STEADY PROGRESS TOWARDS THE REALIZAITION OF OUR DREAMS TO BE FINANCIALLY SELF SUFFICIENT. AS THE GOVERNOR POINTED OUT, WE ARE TAKING BOLD STEPS TO INCREASE OUR REVENUE BASE, WHILE SIMULTANEOUSLY CONTAINING EXPENDITURES.

AT THE OVERSIGHT HEARING HELD LAST MONTH, WE REQUESTED RESTORATION OF THE $1.809 MILLION WHICH WAS CUT FROM OUR BASIC OPERATIONAL BUDGET. ALTHOUGH THIS REQUEST WAS NOT PART OF THE RECOMMENDATION OF THE SUBCOMMITTEE FOR INTERIOR AND INTERNATIONAL AFFAIRS, WE ARE VERY GRATEFUL FOR THE $5.4 MILLION FOR CAPITAL IMPROVEMENT PROJECTS. WE ARE AGAIN PETITIONING THE RESTORATION OF $1.809 MILLION TO OUR BASIC OPERATIONS BUDGET. AUTOMATIC BUDGET INCREASES ARE EXPECTED EACH YEAR BASED PRIMARILY ON THE IMPACT OF INFLATION AND POPULATION GROWTH, ASSUMING THAT THE SAME LEVEL OF SERVICES ARE TO BE MAINTAINED. WE HAVE REPEATEDLY TRIED TO DRAW ATTENTION TO THIS FACT EVERYTIME OUR BUDGET REQUEST IS PRESENTED. FOR THE LAST FIVE YEARS, OUR PLEAS HAVE FALLEN BY THE WAYSIDE. FOR THIS FIVE YEAR PERIOD, (1985 - 1989), DOI CONTRIBUTION THROUGH GRANT-IN-AID, HAS REMAINED AT THE $20.8 MILLION LEVEL. AMERICAN SAMOA GOVERNMENT CONTRIBUTION TO THE PROGRAMS FUNDED FROM FEDERAL DOI GRANT-IN-AID FOR THE REPORTED PERIOD, GREW FROM $9.6 MILLION IN FY 1985 TO $14 MILLION IN F7 1989; REPRESENTING A 46 PERCENT INCREASE. IF A 4 PERCENT ANNUAL INFLATION RATE IS APPLIED, THE DOI CONTRIBUTION IN REAL DOLLARS WOULD DWINDLE TO $17 MILLION FOR FY 1989. THE AMERICAN SAMOA GOVERNMENT HAD TO MAKE UP THE DEFICIT OF $3.5 MILLION IN ORDER TO MAINTAIN THE SAME LEVEL OF SERVICES TO OUR PEOPLE. THE IMPLICATIONS ARE FAR REACHING IF THE $1.809 IS NOT RESTORED. WE HOPE THEREFORE, THAT YOU WILL GIVE SERIOUS CONSIDERATION TO OUR PLEA. IF THE ABOVE REQUEST IS NOT FEASIBLE, WE HEREIN, REGISTER OUR SUPPORT OF THE GOVERNOR'S RECOMMENDATION TO REPROGRAM FUNDS EARMAKED FOR THE HOSPITAL FROM OUR FY 1989 BUDGET AND THE PROPOSED ALLOCATION FOR THE GYMNASIUMS TO OUR BASIC OPERATIONS BUDGET.

AS I MENTIONED EARLIER, WE ARE GRATEFUL FOR THE RECOMMENDATIONS OF THE SUBCOMMITTE ON INTERIOR AND INTERNATIONAL AFFAIRS, ALTHOUGH THEY FALL

SHORT OF OUR CURRENT NEEDS. THE GOVERNOR HAS SUBMITTED A LIST OF OUR CAPITAL IMPROVEMENT PROJECTS IN THE ORDER OF PRIORITY. THE MOST CRITICAL AREA IS THE EXECUTION OF THE TANK FARM PROJECT BECAUSE OF THE THREAT TO HUMAN LIVES, OUR ECOLOGICAL SYSTEM AND THE CAUSE OF THE FUEL SHORTAGES WHICH ARE BECOMING A COMMON OCCURANCE IN THE ISLANDS. IT IS A LITTLE OVER TWO YEARS SINCE HURRICANE TUSI DEVASTED THE MANU'A ISLANDS, YET MUCH OF THE RECOVERY PROGRAMS REMAIN UNFINISHED. THERE ARE STILL FAMILIES CURRENTLY WITHOUT HOMES OR THE BASIC UTILITIES LIKE POWER AND WATER. THESE LIVING CONDITIONS ARE UNACCEPTABLE AND IT WOULD BE INHUMAN TO ASK SOME OF OUR PEOPLE TO CONTINUE LIVING IN THIS FASHION. THE CURRENT PHYSICAL STRUCTURE OF THE COURTHOUSE IS DETERIORATING TO THE POINT THAT IT POSES A DAILY THREAT TO THE PUBLIC. THE OTHER THREE CAPITAL IMPROVEMENT PROJECTS CONTAINED IN THE GOVERNOR'S SUBMISSION ARE ALL CRITICAL IN NATURE AND YOUR SUPPORT OF THESE CRUCIAL PROJECTS IS HUMBLY SOLICITED.

IT IS NEVER OUR INTENTION TO GET A FREE RIDE ON THE FEDERAL GOVERNMENT. I FEEL CONFIDENT THAT WE HAVE BEEN SINCERE IN OUR COMMITMENT TO ECONOMIC, SOCIAL AND POLITICAL AUTONOMY. ALL WE ASK OF YOU AS LEADERS OF THIS GREAT COUNTRY OF OURS, IS THAT WE GET A FAIR SHAKE. IT IS ACCEPTABLE TO EXPECT YOUR PEOPLE TO BE RESOURCEFUL, BUT TO DO SO WITHOUT PROVIDING THE TOOLS FOR YOUR PEOPLE TO ATTAIN THIS ASPIRATION, IS UNRESONABLE. WE ARE PROUD TO BE AMERICANS AND ONE ONLY NEEDS TO LOOK TO THE SAMOANS IN THE ARMED FORCES TO PROVE THIS CLAIM. WE DON'T WANT TO CONTINUE ASKING YOU FOR MONEY SO WE CAN FEED OURSELVES FROM YEAR TO YEAR, RATHER WE WOULD LIKE YOU TO GIVE US MONEY TO ALLOW US TO BUILD THE KIND OF ECONOMIC SYSTEM WHICH WILL ENABLE OUR PEOPLE TO FEED THEMSELVES WITH DIGNITY, IN THE YEARS TO COME.

APPENDIX

Table I: Agnecy Budget Requests for Fy 1990

Agency Name	Budget Request	Ceiling	Variance
Education	$6,439,000	$5,679,000	$760,000
Comm. College	$1,497,000	$1,155,000	$342,000
Health	$6,397,000	$5,527,000	$870,000
Port Admin.	$1,061,000	$761,000	$300,000
Public Works	$4,611,000	$5,513,000	($902,000)
Legal Affairs	$799,000	$494,000	$305,000
Public Safety	$1,142,000	$1,025,000	$117,000
High Court	$713,000	$696,000	$17,000
Total	$22,659,000	$20,850,000	$1,809,000

Table II: DOI Contribution by Department and Fiscal Year

Agency Name	1985	1986	1987	1988	1989
Education	5,679	5,349	5,679	5,679	5,679
College	1,195	1,055	1,155	1,155	1,155
Health	5,519	5,289	5,527	5,527	5,527
Port Admin.	761	728	761	761	761
Pub. Safety	1,014	981	1,025	1,025	1,025
Pub. Works	5,600	4,790	5,527	5,513	5,513
Leg. Affairs	494	473	494	494	494
High Court	622	622	622	622	622
Total	20,884	19,287	20,776	20,776	20,776

Table III: ASG Contribution by Department and Fiscal Year

Agency Name	1985	1986	1987	1988	1989
Education	2,970	1,895	3,136	4,304	5,820
College	250	368	291	368	183
Health	3,587	1,446	2,173	3,867	4,271
Public Works	1,106	721	1,370	365	1,395
Port. Admin	310	660	318	655	605
Pub. Safety	775	709	431	1,169	1,138
Leg. Affairs	442	599	217	889	366
High Court 1/	182	197	195	199	231
Total	9,622	6,595	8,131	11,816	14,009

Footnote:

1/ The figures represent the contribution by the American Samoa Government to fund the local portion of the Judicial Branch operation.

Table IV: Summary of Local Revenues

Income Categories	1984	1985	1986	1987
Taxes	25,851	19,867	19,189	23,460
License & Permits	467	503	613	372
Court Fees and Fines	87	110	168	308
Public Services	5,676	5,514	5,443	5,671
Liquor Store	416	465	-0-	-0-
Indirect Cost	533	858	1,048	354
Total	33,031	27,316	26,462	30,165

Table V: Total Expenditure by Agency & by Fiscal Year

Agency Name	1984	1985	1986	1987
Education	7,401	10,109	9,608	11,450
College	1,276	1,383	1,517	1,563
Health	9,133	9,398	8,597	10,111
Port. Administration	987	1,148	1,336	1,388
Public Safety	1,647	2,053	2,225	2,230
Public Works	6,143	7,117	6,979	6,498
Legal Affairs	823	1,012	1,054	1,142
Total- 1/	27,411	32,220	31,316	34,391

Footnote:

1/ The total amounts exclude grant funds and expenditures of the High Court of American Samoa.

STATEMENT OF HON. PETER T. COLEMAN

Governor COLEMAN. Thank you, Mr. Chairman.

Senator JOHNSTON. We are glad to have Governor Coleman here. Governor Coleman is an old friend of ours—not old, a friend of long standing. [Laughter.]

Governor COLEMAN. Thank you, Mr. Chairman. It is always with a feeling of being privileged to appear before this committee. I have with me the speaker, the Hon. Tuana'itau Tuia, Speaker of our House of Representatives.

Senator JOHNSTON. Welcome, Mr. Speaker. Glad to have you.

Mr. TUIA. Thank you, Mr. Chairman.

Governor COLEMAN. I will highlight my oral statement here, and my full statement, of course, I have asked to be included in the record.

OPERATIONS FUNDS

We have four key needs here in line with our priorities stated in our main presentation. One is our request for the return of the cut in our operations funds, the $1.8 million that is needed. We wish to respectfully request the committee for its restoration.

INSPECTOR GENERAL'S AUDIT

The reason is I have asked for the inspector general's auditing of our books at the beginning of this year, and the report has come in, and the preliminary findings show that we project a deficit of $10 million to $11 million this year in operations costs.

This is due to unbudgeted items that we are obligated to pay. In addition, the unbudgeted increases in wages in the first quarter of the fiscal year as well as the assumption of audit exceptions necessary because of the inadequate documentation for the hurricane disaster recovery program have contributed significantly to this estimated deficit for fiscal year 1989.

Senator JOHNSTON. Is there any suggestion of illegality in any of those expenditures?

Governor COLEMAN. Well, maybe there were—but I do not believe so, because the inspector general so far has not indicated it, but there have been some arbitrary actions in increasing the salaries of some of the employees and not the others. And that has upset our whole personnel system. So that now I have asked the Interior Department for some help, and they are willing to use some technical assistance funds, about $75,000, so that we can set up a team to bring back on track the whole personnel system.

Senator JOHNSTON. By the way, I am going to be asking for legislation to beef up the inspector general's mandate, authority, and funding in the area of the territories because there has been so much suggestion that we need that authority, that I think I will ask for that this year in legislation.

Governor COLEMAN. I will be asking soon our legislature to prepare to pass legislation that will prevent any outgoing administration from incurring obligations beyond the budgetary realities so that the incoming administration will not have to incur unusually heavy obligations.

SALES TAX

Senator JOHNSTON. Governor, why did you suspend the sales tax for 120 days?

Governor COLEMAN. I found the sales tax in my going out to the villages, that it was not working too well. For 3 years they have tried this tax and they had collected only about 40 or 50 percent of the tax.

What had happened, or the key problem was that, you see, we have a bicultural system where 70 percent of the stores are out in the villages—these are momma-papa stores out there—and they have difficulty keeping records of this 2-cent tax. Some of them have been forced to close down because the tax people have come in and said you owe us $5,000. They say, well, we don't have the $5,000. And they say, well, you have to pay $5,000, and they say, well, in that case we're going to close our store.

It's a lack of ability to document. They don't have the sophisticated equipment out there in the villages.

Senator JOHNSTON. Do you have any suggestion as to how you make up that revenue?

Governor COLEMAN. Yes; I have presented to the legislature a 4-cents excise tax to be collected at the dock so that there will be very little expenses and no problem with the collection.

The House has passed it. It has gone to the Senate, and the Senate has turned it down. But we are working on it again in order to bring it about.

However, the 2 percent sales tax is going to be put back on, as far as collection is concerned, on May 5 of this year unless the legislature acts on the new tax.

TANK FARM

I also want to touch on the tank farm. As indicated, the tank farm is perhaps our most dangerous facility now. If that tank farm ever goes off, I think some of us who are sitting here will probably not be here next year. And because it's so close to highly populated facilities. It's an old World War II U.S. Navy facility. Funding of it is a problem with us.

We are prepared to have the participation of the private industries there by working with our legislature to add another cent to the terminal fee and we will be redoing also our rental of the facility to the supplier company that is handling it now.

We thought of selling or turning it over to private enterprise, but we also have a court plan that prevents us from doing that because any company that buys it will immediately have a monopoly because that is the only fuel storage facility we have down there.

So, we are requesting $3.6 million.

Mr. FALEOMAVAEGA. Yes; $3.3 million.

Governor COLEMAN. That's right; $3.3 million. So that that will get us off to a start. We already have two tanks rebuilt.

There was another leak 2 weeks ago. These are automotive gas leaks, and they're very dangerous leaks. So, we've had the EPA to look at the environmental impact, and now we are working on fixing up that third tank. So, funds have been prepared for that, and some of those funds come from local sources.

HOSPITAL

On the hospital, there is a $700,000 appropriation with the Department of the Interior. The Congress has required us to come up with a plan for making that medical facility an authority, a separate and independent authority.

First, I have just appointed a task force to look into this, but in the meantime I have talked to the doctors and we have our concerns, one of which is that if it goes into a separate authority, the danger of the malpractice insurance rising rapidly could endanger the whole medical cost system in Samoa although we are able to handle the medical needs right now.

Second, if these costs go too high in a subsistence economy like ours, then what happens is the people will return to their own native medicines as they have been practicing before. Some of them still do practice that. But we want to avoid it if the costs do not go too high.

These are the dangers we are addressing, Senator. But if we could only get some permission to draw even one-half of that

amount because the maintenance of that hospital is so imperative. We had some heavy rains a month ago and in the selective surgeries, surgeries were postponed because the water had come up to the ankles of the surgeons in the surgery room.

So, we respectfully request, if we can get some permission from the Congress to go ahead with the partial amount of $350,000 to start fixing up the roof of the hospital.

COURT HOUSE

Also, our congressman spoke of the court house. The court house is symbolic of the U.S. administration of American Samoa. It is the first building. It's about 86 years old. And in the past we have been, out of our own resources, fixing it up. But we have reached the point where the foundation itself is completely shaken up and the second floor is ready to collapse because of the heavy law library and equipment on the second floor.

So, these are our requests for you, sir, as part of the priorities we have set. Thank you very much, Mr. Chairman.

Senator JOHNSTON. Thank you very much, Governor. We are familiar with the problems you have there, and we will attempt to respond to them. You know our situation, which we repeat for everyone. We have a tremendous deficit and not much money to stretch around, and tremendous needs, just tremendous needs. I know the delegate is well aware of that. We work with him on so many of these things.

But we will certainly do the best we can. I know American Samoa does have some tremendous needs because of the deficit that you were left with.

Thank you very much, Governor.

Eni, it's always a pleasure to have you.

Mr. FALEOMAVAEGA. Thank you.

Governor COLEMAN. Thank you.

Senator JOHNSTON. Thank you, gentlemen, Mr. Speaker.

GUAM

STATEMENT OF HON. BEN BLAZ, DELEGATE TO THE U.S. HOUSE OF REPRESENTATIVES

ACCOMPANIED BY:

MIKE REIDY, DIRECTOR, BUREAU OF BUDGET AND MANAGEMENT RESEARCH

HERMINIA D. DIERKING, SENATOR IN THE SENATE OF GUAM

BUDGET REQUEST

Senator JOHNSTON. Next we have our friend, Ben Blaz, the delegate from Guam. He will be with Mike Reidy, director of the bureau of budget and management research, accompanied by Katherine Maraman, legal counsel.

Welcome, Ben. Glad to have you.

Mr. BLAZ. Thank you very much, Mr. Chairman.

You have introduced my associates here, so let me just say that the only thing that I want to add to what Chairman de Lugo said is simply this, that our presentation today, you will see, is at variance with the administration's presentation and priorities.

For reasons that are not too clear to us on Guam, the administration has decided that they want to give $2 million for the eradication of snakes.

MENTAL HEALTH AND HOSPITAL

We come here to tell you that we would like to set that $2 million and we want to use it for the eradication of mental health problems in our hospital. And you get us healthy, we will take care of the snakes ourselves when we get healthy.

PREPARED STATEMENTS

We really are taking exception to that, so you will see from the development of the arguments here that we are asking for a boost from $2.5 million to $7.7 million, and the justification is simply to use it for hospital innovation, mental health facilities, drug enforcement, and set aside the eradication of snakes until some other time.

I now yield to Mr. Reidy unless you have questions.

[The statements follow:]

STATEMENT OF BEN BLAZ

MR. CHAIRMAN, I AM VERY PLEASED TO HAVE THIS OPPORTUNITY TO APPEAR BEFORE YOUR SUBCOMMITTEE TODAY ON BEHALF OF THE PEOPLE OF GUAM. AS I AM SURE THAT YOU WILL HEAR SHORTLY FROM THE DISTINGUISHED REPRESENTATIVES OF THE GOVERNMENT OF GUAM, THE PEOPLE OF MY TERRITORY DEEPLY APPRECIATE ALL THAT YOU HAVE DONE FOR OUR COUNTRY'S FLAG TERRITORIES. WHILE HAVING THE HONOR TO SERVE WITH YOU IN THIS AUGUST HOUSE, I HAVE CLEARLY SEEN THAT YOU HAVE PROVED AGAIN AND AGAIN YOUR TRUE INTEREST IN HELPING THE PEOPLE OF THE FLAG TERRITORIES ACHIEVE THEIR GOALS.

THE FISCAL YEAR 1990 BUDGET FOR THE FLAG TERRITORIES HAS REACHED THAT POINT IN THE PROCESS WHERE THE ENTIRE INSULAR AFFAIRS COMMUNITY GATHERS BEFORE THIS SUBCOMMITTEE TO HEAR NOT ONLY THE APPOINTED REPRESENTATIVE OF THE EXECUTIVE BRANCH EXPLAIN THE ADMINISTRATION'S BUDGET PROPOSALS BUT ALSO OFFICIALS FROM THE INSULAR AREAS WHO, IN SOME INSTANCES, WILL HAVE TRAVELLED TWENTY THOUSAND MILES ROUND-TRIP TO APPEAR HERE TODAY.

ATTENDING THIS HEARING ARE FOUR OUTSTANDING LEADERS OF THE TWENTIETH GUAM LEGISLATURE, THE HONORABLE GEORGE BAMBA, MINORITY LEADER; THE HONORABLE HERMINIA DIERKING, CHAIR OF THE COMMITTEE ON RULES; THE HONORABLE GORDON MAILLOUX, CHAIR OF THE COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT; AND THE HONORABLE EDWARD R. DUENAS.

THE PEOPLE OF GUAM ARE MOVING STEADILY TOWARDS THE DAY WHEN THEY WILL NOT HAVE TO SEND THEIR REPRESENTATIVES EACH YEAR TO APPEAR BEFORE THIS SUBCOMMITTEE. WE ARE STRIVING TO REMOVE ALL BARRIERS TO FULL ECONOMIC SELF-SUFFICIENCY. UNTIL WE HAVE REACHED THAT POINT, WE WILL NEED TO COME TO CAPITOL HILL TO SEEK ASSISTANCE IN REACHING THIS GOAL. AS A RESULT OF THE APPROPRIATIONS FROM YOUR COMMITTEE, MR. CHAIRMAN, GUAM'S BUSINESS COMMUNITY IS THRIVING. ALONG WITH THE DIRECTOR OF THE GOVERNOR'S BUDGET BUREAU, I CAN PERSONALLY ATTEST THAT OUR TERRITORY IS

BECOMING LESS AND LESS DEPENDENT ON FEDERAL CAPITAL IMPROVEMENT PROJECTS. WITH TOURISM PICKING UP FROM BOTH NORTH AMERICA AND ASIA, GUAM LOOKS FORWARD TO AN EVER MORE PROSPEROUS FUTURE.

SPEAKING FOR THE GOVERNOR OF GUAM TODAY WILL BE MR. MICHAEL J. REIDY, THE DIRECTOR OF THE GOVERNMENT OF GUAM'S BUREAU OF BUDGET AND MANAGEMENT RESEARCH. MR. REIDY WILL EMPHASIZE THAT THE GOVERNOR OF GUAM AGREES WITH THE RECOMMENDATIONS OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS FOR THIS COMING FISCAL YEAR. BASICALLY, THESE RECOMMENDATIONS CALL FOR AN OVERALL INCREASE OF FIVE MILLION, TWO HUNDRED THOUSAND DOLLARS.

SPECIFICALLY, THE INTERIOR COMMITTEE URGED THAT CONGRESS REMOVE THE ADMINISTRATION'S PROPOSAL OF TWO MILLION DOLLARS FOR A BROWN TREE SNAKE PROGRAM GRANT. THE COMMITTEE RECOMMENDED THAT INSTEAD OF THIS ONE PROJECT CONGRESS APPROPRIATE FOUR MILLION, TWO HUNDRED THOUSAND DOLLARS FOR RENOVATION OF GUAM MEMORIAL HOSPITAL AND THREE MILLION DOLLARS FOR CONTINUED FUNDING OF GUAM'S MENTAL HEALTH FACILITIES. GUAM NEEDS THESE DOLLARS NOT FOR THE HOSPITAL AND OTHER HEALTH FACILITIES. WE NEED THEM FOR THEIR PATIENTS. THESE ARE OUR FELLOW UNITED STATES CITIZENS. THEY MAY LIVE NEARLY HALF A WORLD AWAY, BUT THIS COMMITTEE'S DECISIONS SHAPE THEIR DESTINY.

I MUST SAY A FEW WORDS ABOUT HOW THE PEOPLE OF GUAM FEEL ABOUT CAPITAL IMPROVEMENT PROJECTS. WE REALLY NEED TO FIX OUR HOSPITAL AND MEET OTHER TRULY PRESSING NEEDS BEFORE WE WORRY ABOUT SNAKES. I AM CERTAIN THAT EVERYONE SPEAKING ON GUAM'S BEHALF WOULD AGREE. HAD THE DEPARTMENT OF THE INTERIOR CONSULTED GUAM'S ELECTED REPRESENTATIVES, THEY WOULD HAVE TOLD THE ADMINISTRATION THAT THE RESULTING BAD PUBLICITY FROM THE PROPOSED BUDGET PROJECT TO ERADICATE THE BROWN TREE SNAKE WOULD COST GUAM IN EXCESS OF THE PROJECT'S TWO MILLION DOLLARS IN LOSSES TO THE TERRITORY'S TOURISM INDUSTRY.

BEFORE I YIELD TO MR. REIDY, I WOULD LIKE TO THANK PERSONALLY A MEMBER OF YOUR STAFF, MR. CHAIRMAN, WHO HAS PROVED HERSELF A TRUE FRIEND OF THE FLAG TERRITORIES IN THE PACIFIC. I

AM SPEAKING OF MS. SUE MASICA OF YOUR SUBCOMMITTEE STAFF. EVERYONE FROM THE PACIFIC FLAG TERRITORIES SPEAKS SO HIGHLY OF MS. MASICA'S COURTESY AND GRACIOUSNESS. I HAVE HEARD FROM MY LEGISLATIVE ASSISTANTS THAT MS. MASICA CONTINUES HER SINCERE INTEREST IN GUAM AND ALL THE TERRITORIES UNDER THE UNITED STATES FLAG.

I AM SO PLEASED, MR. CHAIRMAN, THAT YOU HAVE CHOSEN SUCH AN EXCEPTIONAL INDIVIDUAL FOR YOUR STAFF. FOR THE PEOPLE WHOM I HAVE THE PRIVILEGE OF REPRESENTING, I THANK YOU FOR YOUR KEEN ATTENTION TO GUAM'S REQUESTS FOR THE COMING FISCAL YEAR.

STATEMENT OF HERMINIA D. DIERKING

I am honored to submit this testimony, on behalf of the Committee on Ways and Means of the Twentieth Guam Legislature. Likewise, I am thankful for having this opportunity again to comment on the Department of the Interior's proposed budget allocation in Fiscal Year 1990 for the U.S. Territories, specifically Guam.

As you know, I initially had the privilege of attending the public hearing on the same matter before the Subcommittee on Insular and International Affairs, chaired by the Honorable Ron de Lugo, about two months ago. For your information and for the record, I have attached a copy of the testimony I presented before the Subcommittee at that time.

I am also submitting, for your consideration, a written testimony from the Acting Speaker of the Guam Legislature, Senator Ted Nelson, which he requested me to present to your Subcommittee on behalf of our local legislative body.

I would not, however, delve extensively into the need for Guam to receive more federal money for some of its pressing, major needs. I believe that Governor Joseph Ada, Lieutenant Governor Frank Blas and Acting Speaker Ted Nelson have all eloquently and extensively amplified already on the most important funding necessities of Guam next fiscal year. Nevertheless, I would be somewhat remiss in my responsibility as an elected representative of the people of Guam, if I do not take this golden occasion to stand behind the testimony of my colleagues from Guam.

The provision of needed and quality medical care should always rate the highest priority. Again, this priority is sharply accentuated if we are dealing with the provision of

life-sustaining health services such as those provided in acute care facilities. Guam Memorial Hospital is the only acute care facility for the civilian population of Guam. The Guam Legislature had appropriated in excess of $30 million just in the past two years to supplement the revenues of the hospital for their operational and capital improvement needs. We are committed to ameliorating the facility and the patient care provided by our hospital. However, the federal appropriation of $4.2 million will certainly guarantee the completion of the all on-going renovation and expansion projects.

The President's budget calls for the appropriation of $2 million for the eradication of the brown tree snakes in Guam. There is no question that the brown tree snake has had a very damaging effect on the continuing presence of birds and animals on Guam. I am personally pleased that the federal government is finally focusing its attention to this problem. However, this proposed allocation can be more appropriately reflected in other sections of the federal budget, and not in the already-limited budgetary assistance for Guam.

As you know, Guam is also diligently moving towards the construction of a mental health facility to address another pressing health need of its rapidly-growing population. If anything else, I believe that this money can be put into a much better use by earmarking it to supplement the funding for Guam's mental health facility.

Additionally, I want to reiterate the need for Congress to restore the 50% cutback it recently imposed on the federal funding for Guam's Anti-Drug Abuse Program. Guam, because of its location and proximity to the "Golden Triangle of Asia", has become a major transshipment point for illegal drugs.

The realistic reassessment of the funding level of the Impact Aid Program for Guam is another area which needs congressional scrutiny. The underfunding of this program has pushed the Government of Guam to subsidize it by $2.4 million in school year 1988-89. The accumulated subsidy for Fiscal Year 1971 through 1987 amounted to over $26 million.

Guam also needs federal funding assistance in other critical areas. These include the construction of a new public high school, the development of the Ugum River as a viable additional source of water, the continuing development of Guam's aquaculture industry, and necessary improvement projects at the Ordot landfill area.

One very important matter which I want to briefly draw your attention to is the issue of the return of the 3,497 acres of land which the Federal Government has declared "excess and releasable" to Guam. I honestly believe, as do the elected leaders of Guam and the people of Guam, that it would be a travesty of justice if these lands are not returned to their original owners. Congressman Ben Blaz has recently introduced a bill proposing to return these "excess and releasable" acres of land to their "original owners". We, in Guam, stand solidly and firmly behind this proposed legislation. I hope that the U.S. Congress can take into consideration the feelings of the people of Guam in the final resolution of this issue.

Let me also affirm that the Guam Legislature is committed to prudently allocating the limited revenues of Guam. With all humility, I am pleased to state that, for the first time in more than a decade, the Committee on Ways and Means, which I chaired, was successful in controlling all appropriations. Thus, not only

expenditures but, also, appropriations did not exceed projected revenues last year.

However, despite our serious attempt to prudently manage our fiscal affairs, several federal constraints continue to significantly hamper our economic growth.

I can only hope, as do the rest of the people of Guam, that the very near future will bring to us the realization of a long sought-after goal: the passage of a new Commonwealth Act for Guam.

We honestly believe that this proposed new Commonwealth status for Guam will allow us to achieve our fullest potential socially, politically and economically.

In conclusion, I want to reecho my statement before the Subcommittee on Insular and International Affairs: "There are God-given rights, the enjoyment of which human laws, much less political circumstances cannot rightfully withhold."

I hope that, you my colleagues in this august body of the United States Congress, can look at Guam with the determination to grant us what is "fair, right, and just." This is all I ask. This is all Guam wants. Guam certainly prefers to seek its destiny alongside the United States of America.

Again, thank you very much for the opportunity to testify.

STATEMENT OF JOSEPH F. ADA, GOVERNOR, GUAM

THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE YOU TODAY. MY PRESENTATION TO YOU WILL BE BRIEF INASMUCH AS THE APPROPRIATE BACKGROUND INFORMATION IN SUPPORT OF OUR FUNDING REQUEST HAS BEEN PROVIDED TO YOUR STAFF.

I AM PLEASED TO BEGIN MY REPORT TO YOU WITH THE GOOD NEWS THAT THE TERRITORY OF GUAM CONTINUES TO WITNESS A PERIOD OF TREMENDOUS ECONOMIC EXPANSION. THIS EXPANSION, FUELED BY OUR TOURISM INDUSTRY, COUPLED WITH THE PRUDENT MANAGEMENT OF THE GOVERNMENT OF GUAM, HAS ENABLED US TO BEGIN OUR OWN INVESTMENT PROGRAM INTO THE ISLAND'S INFRASTRUCTURE. WE HAVE COMMITTED OUR WILLINGNESS TO PUT OUR OWN FUNDS INTO AREAS WHERE WE HAVE PREVIOUSLY SOUGHT FEDERAL ASSISTANCE. WE ARE INITIATING A $53 MILLION WATER SYSTEM IMPROVEMENT PROGRAM FINANCED THROUGH A BOND, AND WE ARE COMMITTING A GREATER PERCENTAGE OF OUR OPERATING BUDGET INTO CAPITAL IMPROVEMENT PROJECTS. THE TERRITORY OF GUAM, IS AT LONG LAST, ON THE VERGE OF DEVELOPING A TRULY SELF-SUFFICIENT PRIVATE ECONOMY AND IS USING THIS GROWTH TO TAKE CARE OF MANY OF ITS OWN NEEDS.

TWO MONTHS AGO, WE WERE HONORED TO RECEIVE A DELEGATION OF YOUR COLLEAGUES FROM THE HOUSE INTERIOR COMMITTEE. WE WERE ABLE TO SHOW THEM THE BENEFITS OF OUR ECONOMIC GROWTH, AND WERE ABLE TO DISCUSS WITH THEM MANY OF THE CONSTRAINTS WHICH STILL INHIBIT OUR ABILITY TO DEVELOP OUR ECONOMY TO THE FULLEST EXTENT, AS WELL AS SOME OF THE NAGGING PROBLEMS WHICH CONTINUE TO HAUNT US AS WE MOVE TOWARDS THE 21ST CENTURY: REPARATIONS TO THOSE PEOPLE OF GUAM WHO LIVED THROUGH THE JAPANESE OCCUPATION OF OUR ISLAND DURING THE SECOND WORLD WAR... WE ARE PLEASED TO SEE WAR REPARATIONS GIVEN BY CONGRESS TO THE JAPANESE AMERICANS WHO SUFFERED DURING THEIR INTERNMENT...WE ARE LOOKING TO CONGRESS NOW TO RECOGNIZE THE PAINS AND SUFFERINGS OF OTHER AMERICANS... THE PEOPLE OF GUAM... WHO LIVED THROUGH SIMILAR EXPERIENCES.

THE RETURN OF FEDERAL LANDS THAT HAVE BEEN DECLARED EXCESS... AS WELL AS CERTAIN FEDERAL PROPERTIES THAT HAVE YET TO BE DECLARED EXCESS ... ALTHOUGH THEIR USEFULNESS OR VALUE FOR DEFENSE PURPOSES IS QUESTIONABLE, SUCH AS THE CURRENT NAVAL AIR STATION ON GUAM ... WHICH WE ARE HOPING WILL BE TURNED OVER TO US ... THE LIMITED NAVAL AVIATION USES BEING CONSOLIDATED AT ANDERSEN AIR FORCE BASE ... ONLY A FEW MILES AWAY. THIS ACTION WILL NOT ONLY REMOVE A PHYSICAL IMPEDIMENT TO THE GROWTH OF OUR AVIATION BUSINESSES AND OUR AIRPORT SO VITAL TO A TOURISM BASED ECONOMY ... BUT SAVE THE FEDERAL GOVERNMENT MILLIONS ANNUALLY AS WELL ... WITHOUT ANY REAL REDUCTION IN NATIONAL DEFENSE CAPABILITIES.

WE SEEK AN EXPANSION OF THE VISA WAIVER PROGRAMS TO INCLUDE SEVERAL OF OUR NEIGHBORING COUNTRIES ... KOREA, TAIWAN AND THE PHILIPPINES ... AND WE ARE CONCERNED ABOUT THE IMPACT OF THE COMPACT OF FREE ASSOCIATION. THESE ARE JUST SOME OF THE ISSUES WE DISCUSSED. RESOLUTIONS TO THESE PROBLEMS WOULD ENHANCE OUR ABILITY TO FULLY TAKE ADVANTAGE OF THE CURRENT ECONOMIC CLIMATE. THE VISITING DELEGATION WAS ALSO ENGAGED IN CONSTRUCTIVE DIALOGUE REGARDING OUR QUEST FOR COMMONWEALTH STATUS.

THE PASSAGE OF OUR GUAM COMMONWEALTH ACT WILL BEGIN TO ADDRESS A LONG-STANDING HISTORICAL INJUSTICE WITH RESPECT TO GUAM'S POLITICAL STATUS. THE PEOPLE OF GUAM, IN FOUR SEPARATE AND FREE ELECTIONS, HAVE MADE IT VERY CLEAR THAT THEY

NO LONGER WISH TO BE A TERRITORY. THEY HAD THE CHANCE TO VOTE FOR A VARIETY OF POSSIBLE STATUS OPTIONS. THEY VOTED AGAINST A MAINTENANCE OF OUR STATUS AS AN UNINCORPORATED TERRITORY. THEY VOTED AGAINST BEING AN UNINCORPORATED TERRITORY. THEY VOTED AGAINST STATEHOOD OR INDEPENDENCE. THEY VOTED FOR A BRAND NEW RELATIONSHIP WITH AMERICA. A CLOSE RELATIONSHIP AND ONE BASED ON MUTUAL RESPECT. THEY VOTED FOR A NEW RELATIONSHIP ... NOT AS A TERRITORY OF THE UNITED STATES, BUT AS A COMMONWEALTH. NO LONGER WARDS ... WE WISH TO BE PARTNERS.

WE STRONGLY BELIEVE THAT COMMONWEALTH WILL BRING BENEFITS TO GUAM AND TO THE UNITED STATES OF AMERICA. UNDER COMMONWEALTH, GUAM WILL HAVE THE OPPORTUNITY TO TRULY BECOME A BASTION OF FREE ENTERPRISE AND THE AMERICAN WAY IN THE WESTERN PACIFIC.

WE BELIEVE COMMONWEALTH WILL BE THE FIRST STEP IN OUR ACHIEVING SELF-DETERMINATION ... WHICH IS THE RIGHT OF ALL PEOPLE ... AND IN OUR VIEW ONE OF THE FOUNDING PRINCIPLES OF DEMOCRACY AND THE AMERICAN WAY. IT WILL BRING TO OUR PEOPLE HUMAN RIGHTS ENJOYED BY OUR AMERICAN BROTHERS AND SISTERS. IT IS PRIMARILY FOR THESE REASONS THAT WE SEEK IT SO ARDENTLY.

BUT COMMONWEALTH WILL ALSO REMOVE THE FEDERAL CONSTRAINTS WHICH HAVE HAMPERED OUR ECONOMIC GROWTH IN THE PAST ... AND WE FINALLY WILL BE ABLE TO ACHIEVE OUR FULL POTENTIAL ... SOCIALLY, POLITICALLY AND ECONOMICALLY. I DO HOPE YOU, MR. CHAIRMAN, AND THE MEMBERS OF THIS SUBCOMMITTEE, WILL SUPPORT OUR QUEST FOR OUR STATUS CHANGE.

LAST YEAR, I INDICATED THAT MY ADMINISTRATION WAS COMMITTED TO PRUDENTLY MANAGE THE REVENUES OF THE GOVERNMENT OF GUAM. I AM PLEASED TO REPORT TO YOU THAT WE SUCCESSFULLY BALANCED OUR BUDGET IN FISCAL YEAR 1988 AND WE WERE ABLE TO REDUCE OUR DEFICIT BY OVER $24 MILLION. WE ARE COMMITTED TO USING THE FINANCIAL OPPORTUNITY BEFORE US, BROUGHT ABOUT BY OUR EXPANDING ECOMONY, TO INVEST IN OUR INFRASTRUCTURE. WE RECOGNIZE THAT THE DAYS WHEN THE FEDERAL

GOVERNMENT WILL BE ABLE TO TOTALLY FINANCE OUR INFRASTRUCTURE PLANS ARE OVER. WE ARE FORTUNATE THAT WE ARE NOW ABLE TO CONTRIBUTE MORE FULLY IN ADDRESSING THE NEEDS BEFORE US. WITH THIS AS BACKGROUND, MR. CHAIRMAN, I WOULD NOW LIKE TO COMMENT ON THE BUDGET ALLOCATION FOR GUAM, AND WHAT I BELIEVE WILL BE APPROPRIATE ADJUSTMENTS TO IT.

THE PRESIDENT'S BUDGET CALLS FOR $2,000,000 FOR THE ERADICATION OF THE BROWN TREE SNAKE FROM GUAM AND $500,000 FOR DRUG INTERDICTION. THERE IS NO QUESTION THAT THE BROWN TREE SNAKE PEST HAS HAD A VERY DAMAGING EFFECT ON MANY BIRDS AND ANIMALS ON GUAM. PERIODICALLY, THE BROWN TREE SNAKE HAS EVEN ATTACKED INFANTS. WE HAVE LIVED WITH THE SNAKES FOR MANY YEARS SINCE THEY WERE BROUGHT TO GUAM AND WE ARE PLEASED THERE IS FINALLY REGIONAL ATTENTION TO THIS PROBLEM. HOWEVER, WE FEEL THAT THE CONCERN FOR THE BROWN TREE SNAKE SHOULD BE REFLECTED IN OTHER PARTS OF THE FEDERAL BUDGET - NOT IN THE DEPARTMENT OF THE INTERIOR'S ALLOCATION FOR GUAM. WE WOULD RATHER SEE THE TWO MILLION DOLLARS GO TOWARDS REALIZING OUR HEALTH FACILITY IMPROVEMENT REQUIREMENTS - FOR GUAM AND FOR OUR REGION.

ABOUT OUR HOSPITAL ... MORE THAN $17 MILLION IN CAPITAL IMPROVEMENTS ARE NOW UNDERWAY AT GUAM MEMORIAL HOSPITAL. CONGRESS HAS ALREADY APPROPRIATED $5.6 MILLION OF THIS AMOUNT. WE HAVE RECENTLY COMMITTED $7.5 MILLION OF OUR OWN FUNDS TO THIS PROJECT. TO COMPLETE THE WORK NOW UNDERWAY WILL REQUIRE AN ADDITIONAL $4.2 MILLION, AND YOUR SUPPORT HERE WOULD BENEFIT NOT ONLY THE PEOPLE OF GUAM, BUT THE PEOPLE OF THE REGION WHO UTILIZE OUR HOSPITAL. WE ARE COMMITTED TO IMPROVING THE FACILITY AND THE PATIENT CARE PROVIDED BY GUAM MEMORIAL HOSPITAL AND OVER $7.5 MILLION IS OUR CONTRIBUTION TO THE PARTNERSHIP WE HAVE IN THE HOSPITAL RENOVATION. THE APPROPRIATION OF $4.2 MILLION WILL GUARANTEE A FIRST-CLASS MEDICAL FACILITY THAT THE PEOPLE OF THE PACIFIC NEED...AND DESERVE.

WE ARE ALSO MOVING FORWARD WITH THE CONSTRUCTION OF THE MENTAL HEALTH FACILITY FOR WHICH WE HAVE RECEIVED $2 MILLION FROM THE CONGRESS. THE ESTIMATED AMOUNT FOR COMPLETING THE FACILITY IS IN EXCESS OF $7 MILLION. DESIGN WILL SOON BE COMPLETED. PHASE I CONSTRUCTION COSTS, INCLUDING THE PURCHASE OF COLLATERAL

EQUIPMENT, IS ESTIMATED AT $4 MILLION. WE WILL BE SEEKING A $2 MILLION APPROPRIATION FROM THE GUAM LEGISLATURE TO MATCH THE $2 MILLION CONGRESS HAS CONTRIBUTED. NEXT YEAR, WE WILL BE SEEKING YOUR ASSISTANCE IN COMPLETING THIS PROJECT.

WITH RESPECT TO THE PROPOSED APPROPRIATION OF $500,000 FOR DRUG INTERDICTION, WE ARE IN FULL SUPPORT OF THE FEDERAL GOVERNMENT'S PROGRAM TO ERADICATE DRUGS FROM THE NATION AND FROM THE TERRITORIES. IN THE OMNIBUS DRUG ACT OF 1988, SECTION 9303, RELATING TO THE INSULAR AREAS DRUG ABUSE ACT OF 1988, AUTHORIZED THE APPROPRIATION OF ONE-HALF MILLION DOLLARS FOR DRUG INTERDICTION PROGRAMS IN GUAM. SIMILAR AUTHORIZATION WAS EXTENDED TO THE CNMI, AMERICAN SAMOA, AND THE VIRGIN ISLANDS. I RESPECTFULLY REQUEST, MR. CHAIRMAN, THAT CONGRESS APPROPRIATE THE FUNDS THROUGH THAT AUTHORIZATION TO THE DEPARTMENT OF JUSTICE SO WE CAN CONTINUE OUR COMMITMENT TO STOP DRUG ABUSE. IN RECOGNITION OF THE LIMITED FUNDS THE OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS HAS FOR CAPITAL IMPROVEMENTS, THE ONE-HALF MILLION DOLLARS PROPOSED FOR DRUG INTERDICTION IN THE PRESIDENT'S INTERIOR BUDGET ALSO CAN BE APPLIED TO THE MOST CRITICAL PROJECT FOR GUAM ... THAT IS THE CONTINUING IMPROVEMENTS FOR GUAM MEMORIAL HOSPITAL.

ON ANOTHER MATTER, I WOULD LIKE TO REQUEST YOUR IMMEDIATE ATTENTION TO THE FINANCIAL IMPACT TO GUAM OCCURRING AS A DIRECT RESULT OF THE POLITICAL STATUS CHANGES OF OUR NEIGHBORS IN THE WESTERN PACIFIC.

THE COMPACT OF FREE ASSOCIATION ACT OF 1985 (PUBLIC LAW 99-239) DEFINES THE POLITICAL RELATIONSHIP BETWEEN THE GOVERNMENT OF THE UNITED STATES AND THE GOVERNMENTS OF THE FEDERATED STATES OF MICRONESIA - THE FSM - AND THE REPUBLIC OF THE MARSHALL ISLANDS. THE COMPACT ALLOWS UNRESTRICTED IMMIGRATION INTO THE UNITED STATES BY THE CITIZENS OF THESE AREAS. CONGRESS, AT THAT TIME, RECOGNIZED THAT POTENTIAL ADVERSE IMPACTS ON GUAM AND THE OTHER U.S. INSULAR AREAS EXIST. THEREFORE, CONGRESS PROMISED TO ACT SYMPATHETICALLY AND EXPEDITIOUSLY TO REDRESS ANY APPROPRIATION OF FUNDS FOR CORRECTIVE ACTION.

AS MY PEOPLE OF THE TERRITORY OF GUAM WHOLEHEARTEDLY WELCOME OUR MICRONESIAN

BROTHERS AND SISTERS TO OUR ISLAND, WE ALSO SEE AND FEEL FOR OUR NEW VISITORS WHO ARE EXPERIENCING THE DIFFICULTY OF ADAPTING TO A TOTALLY NEW ENVIRONMENT AND LIFESTYLE. IT HURTS US TO SEE CLUSTERS OF FAMILIES SUFFER THE PAIN OF FINDING AFFORDABLE AND ADEQUATE HOUSING HERE ... THE DIFFICULTY OF FINDING A JOB ... THE SOMETIMES FRUSTRATING EXPERIENCE OF A BRAND NEW EDUCATIONAL SYSTEM. THE PEOPLE OF GUAM OPEN THEIR HOMES ... THEIR ISLAND ... THEIR HEARTS TO OUR NEIGHBORS ... AS IN THE CULTURE AND TRADITION OF THE PACIFIC.

THE GOVERNMENT OF GUAM HAS GREAT COMPASSION FOR THE PLIGHT OF OUR MICRONESIAN BROTHERS AND SISTERS, WE WANT TO WARMLY WELCOME OUR BROTHERS AND SISTERS OF THE FEDERATED STATES OF MICRONESIA AND ALL OTHER MICRONESIAN ISLANDS, AND WE ARE CONFIDENT THAT WITH YOUR PERSONAL SUPPORT AND ATTENTION TO THIS MATTER, GUAM WOULD BE IN A BETTER POSITION TO ASSIST THE FEDERAL GOVERNMENT IN MEETING ITS COMMITMENT TO THE PEOPLES OF MICRONESIA.

IN SCHOOL YEAR 1988-89, $3.95 MILLION WAS EXPENDED TO EDUCATE PERSONS WHO ARE ON GUAM AS A RESULT OF THE COMPACT. WE REQUEST CONGRESS TO APPROPRIATE THAT FULL AMOUNT - $3.95 MILLION - TO REIMBURSE THE GOVERNMENT OF GUAM FOR THIS EXPENSE.

THE DEPARTMENT OF THE INTERIOR HAS RECENTLY SHOWN A STRONG INTEREST IN DEVELOPING THE DATA IT NEEDS TO DO A COMPLETE COMPACT ANALYSIS. DOI STAFF WERE ON GUAM AT THE BEGINNING OF APRIL TO DISCUSS IMPACT REPORTING REQUIREMENTS AND HOW DOI CAN ASSIST WITH THE DATA COLLECTION EFFORT. DOI WILL BE GIVEN GUAM'S FULLEST SUPPORT AND COOPERATION TOWARDS EFFORTS TO MAKE SPECIFIC INFORMATION AVAILABLE.

IN CONCLUSION, MR. CHAIRMAN, I WISH TO THANK YOU AND YOUR COMMITTEE FOR ITS SUPPORT OF GUAM'S DEVELOPMENT GOALS. OVER THE YEARS, YOU HAVE HELPED US WHEN THE NEED WAS GREATEST. THOUGH WE ARE NOW ABLE TO CONTRIBUTE SUBSTANTIALLY TOWARDS OUR INFRASTRUCTURE DEVELOPMENT PROGRAM, WE STILL REQUEST YOUR PARTICIPATION IN COMPLETING THE PROJECTS ON WHICH WE HAVE BEEN WORKING TOGETHER. WHILE WE ARE READY TO TAKE THE LEAD ON OUR WATER SYSTEM IMPROVEMENTS, WE NEED YOUR HELP TO COMPLETE THE HOSPITAL AND MENTAL HEALTH PROJECTS.

STATEMENT OF MIKE REIDY

Mr. REIDY. Thank you, Senator. You have the Governor's statement, and I will just briefly elaborate on what the Congressman has said and bring up a few additional points.

HOSPITAL RENOVATION

We have now embarked, we have completed design and we are embarking on a $17 million renovation to our hospital, using $5.6 million that has been appropriated by Congress, $7.5 million that we are putting in from our own revenues from this fiscal year, and we are seeking your support for $4.2 million. Rather than money for snake eradication, we would like to see it in the hospital.

MENTAL HEALTH FACILITY

Down the line, we are also embarking on construction. We are completing design and are about to begin construction on a mental health facility utilizing the $2 million that you have appropriated. I would think that by next year we may be seeking further assistance to complete that project.

IMPACT OF COMPACT OF FREE ASSOCIATION

Additionally, I would like to bring your attention that we are starting to identify the costs of the impact of the Compacts of Free Association and our department of education has determined that $3.9 million is directly attributable to the costs incurred by educating Micronesian students that have now resided on Guam since the compacts have been adopted.

ORDOT LANDFILL

A final issue to bring to your attention that your committee as well as on the House side has supported appropriations these past 2 fiscal years for the Ordot landfill expansion. We have been working with the Guam legislature in good faith to establish commercial user fees as well as a fee to all residents of Guam for the commercial landfill. Very shortly we would hope that, working with your staff and the staff on the House side we would be able to free up the $2.7 million to begin the expansion program.

BROWN TREE SNAKE

Senator JOHNSTON. Thank you very much, Mr. Reidy.

Now tell me about the brown snake. I know the brown tree snake was eating the eggs of some endangered birds there, or at least that was the representation. Is it your testimony that that is not a danger or that the Government of Guam is going to take care of it?

Mr. REIDY. Well, the Governor's position, the Governor recognizes the presence of the brown tree snake as a problem. There is no question about that. The native bird population has been decimated, and there have been too many instances of attacks on infants.

But from the territory's position, it has now been recognized as a regional problem. I think the State of Hawaii's bird population is threatened by the presence of the brown tree snake in Guam. That has been brought to the attention of Washington through some regional organizations.

We would prefer that the Federal Government look at it as a regional problem. We have had to live with the snakes. I am not going to say it's a comfortable relationship, because it isn't, but we would rather see available Federal dollars go to the hospital renovation than those same dollars going toward eradication of the brown tree snake.

Senator JOHNSTON. Well, could the $2 million be effectively used against the brown tree snake?

Mr. REIDY. My sense is, in talking with our people in our local department of agriculture as well as people that are federally funded through Fish and Wildlife Service on Guam, that the $2 million would not be able to be spent, let's say, during the course of 1 or 2 fiscal years and that that sort of infusion of funds, it would be very difficult to find out what to do with it.

HOSPITAL

Senator JOHNSTON. All right. Now, the money we gave you last year for the hospital, $5.6 million, has that been obligated?

Mr. REIDY. The design is completed, and we are out to bid for construction beyond the $5.6 million. We estimate $17 million for the construction is soon to begin.

Senator JOHNSTON. Well, now our language last year indicated that the $5.6 million was considered sufficient for accreditation, and I understand you are going beyond accreditation and using that to add facilities?

Mr. REIDY. Well, last year Lieutenant Governor Blaz and the previous year the Governor—and I would support those statements—we don't believe the $5.6 million is adequate for accreditation. There is $7.5 million that we ourselves have committed to the project. We think for accreditation purposes we may be able to realize accreditation, but for the sort of facility we believe is necessary not only to serve our residents but the residents coming in from the outer jurisdictions, that we are looking at a $17 million improvement to the hospital

INFRASTRUCTURE

Senator JOHNSTON. The basic question with Guam is why do you look to the Federal Government for infrastructure when you've got a booming tourist business, huge hotels, $40 million in exemptions for those hotels? I mean those other territories don't have that embarrassment of riches that Guam has. I am glad you do, and it's a tribute to the beauty of Guam that it can attract those tourists and those hotels. But those hotels are doing very well, it seems to me, and don't need a $40 million exemption.

Why shouldn't you finance your own infrastructure then?

Mr. REIDY. Well, in coming before you today, Senator, on Monday the administration and my office submitted to the Guam legislature the budget request for the next fiscal year and included within

that in unprecedented fashion, it's almost $20 million dedicated to infrastructure improvements.

We recognize that not only are things good but they are getting better, fueled by the tourism economy. But we have felt that certain projects—and we look to the hospital as one—that we have started this project with you, we think that there is some sort of Federal obligation to us and that we would like to continue that partnership as far as our health care.

HOSPITAL

Senator JOHNSTON. Well, we felt like the $5.7 million was to bring it up to accreditation and beyond that it should be your responsibility, and particularly—is there any—what is the justification for the exemptions, $40 million in exemptions for the hotels?

Mr. REIDY. Well, I don't know that I will be able to fully justify it here this afternoon. But I think that our tendency is to be less likely to get those sorts of exemptions in the future and that the exemptions themselves perhaps have been a catapult, if you will, for establishing the tourism industry.

Senator JOHNSTON. Last year—whose testimony was this—it was the lieutenant governor's testimony, speaking of the hospitals, said, "We require an additional $3.2 million to complete what we have begun with the money that was given to us, $5.2 million. We need the additional $3.2 million to complete the capital improvements that have been recommended to us by the U.S. Public Health Service."

Now, that amount is now $17 million?

Mr. REIDY. Correct, Senator. These new figures are based on the design requirements that have been presented by the architects that we have employed.

Senator JOHNSTON. Well, I am sure you've got some gold- plated architects there. I mean that is not really consistent with what we consider to be our obligation.

I wish you would go back and justify those $40 million in exemptions to us. But, frankly, considering the very small amount of money we have and the great needs that we have around the other territories—I don't want to play off one territory against another, but you know the situation in American Samoa, for example, they just don't have the ability to raise the money there that you do in Guam, and I think we have to take those kind of things into consideration.

So, as much as we think of Ben Blaz, and he is way up high on our list around here, I think we have to look at some of these needs, and, frankly, Guam is—well, I want to give you a chance to justify it in writing. But, it just doesn't look to me like you can justify those additional funds.

Mr. REIDY. If I could just say, Senator, that we weren't asked by the Department of the Interior what our priorities were when the figure was determined, the $2.5 million allocation to Guam. Our sense of it would be that if that allocation is to be available, we would prefer to see it go into the hospital.

Mr. BLAZ. Mr. Chairman, I believe, sir, that we made a mistake when Senator Dierking is accompanying us, not Katherine Mara-

man. I wanted just to at least recognize her. She is the chairman of our rules committee on legislation, and I appreciate your consideration on this issue.

I know I may have misspoken when I said that we will take care of the snakes. If you are willing to give us the additional $2 million to take care of the snakes and the mental problems as well, that would be fine.

BROWN TREE SNAKE

But our point simply is that if we are going to be talking funding, we would like to be the ones to say that we would like if the available funding be given to us to do the things that we think we need to do the most, and that is in the hospital, mental health, and drug enforcement.

Senator JOHNSTON. Well, I understand that, and as you say, the snakes are a regional problem, in fact a national problem because they deal with endangered species and we have a national commitment to that that transcends just the interests of Guam. That is the reason for putting the money in there even though from Guam's standpoint perhaps the hospital is a higher priority.

I want to be sure that, if we continue with the $2 million on the snakes, that will do the job, that we are prepared. We don't want to waste it. It may be that it would be a waste. Maybe we don't have a plan put together sufficiently to spend that well. But as I say, the interest in the snakes is a national one.

Mr. BLAZ. It is, sir; and if I may just be indulged 1 more second to say that we believe that we are trying to look at it from another standpoint, and that is that we believe that our department of agriculture is concerned as well.

We just cannot take exception to the fact that CIP funding, when you're talking about capital improvement funding, we have a little difficulty finding snake eradication as part of that. We are just trying to adhere to the requirements here.

Senator JOHNSTON. Well, it certainly is not CIP.

Mr. BLAZ. Yes; we are looking at the possibility of defense, that obviously it was the military that brought it in in the first place. We never had any snakes up to a certain point in our history. We were thinking that maybe perhaps along the same vein of thinking, when we have base closures and we got money to——

Senator JOHNSTON. Well, this $2 million is Federal funds to clean up the federally caused problem.

Mr. BLAZ. Pardon, sir?

Senator JOHNSTON. I say the $2 million is Federal funds to clean up the snake problem which was——

Mr. BLAZ. I don't know. This is the reason why we are hesitating. We don't really know. We don't really know, but we think that with the combination of defense and agriculture and other considerations, we can address this thing here and try a different thing than just simply coming and saying, by the way, instead of taking care of the hospital, drug enforcement, $2 million is to take care of

the snakes. It just didn't sink too well with us from our priority, from our standpoint.

Senator JOHNSTON. Thank you very much.

Mr. REIDY. Thank you, Mr. Chairman.

Senator JOHNSTON. Thank you very much.

Senator, we are very glad to have you here today.

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

STATEMENT OF HON. PEDRO A. TENORIO, LIEUTENANT GOVERNOR

ACCOMPANIED BY:

BENJAMIN T. MANGLONA, SENATE PRESIDENT

PEDRO R. GUERRERO, SPEAKER OF THE HOUSE OF REPRESENTATIVES

JOSE P. MAFNAS, SENATE VICE PRESIDENT

JUAN N. BABAUTA, SENATOR

JAMES RIPPLE, PLANNING AND BUDGET OFFICER

FRANK ROSARIO, BUDGET OFFICER

PREPARED STATEMENTS

Senator JOHNSTON. Next we have the Commonwealth of the Northern Marianas Islands. Pedro Tenorio is back.

Pedro, I think you were there at the borning of the Northern Marianas. We've worked with Pedro for many years, and the Northern Marianas are also doing very well now, which I am glad to say.

[The statement follows:]

STATEMENT OF PEDRO A. TENORIO

I AM PEDRO A. TENORIO, LT. GOVERNOR OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS (NMI). ON BEHALF OF GOVERNOR PEDRO P. TENORIO AND MYSELF AND OUR PEOPLE, I WISH TO THANK THIS COMMITTEE FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE NMI'S BUDGET FOR FISCAL YEAR 1990. THE CONTINUING SPIRIT OF COOPERATION BETWEEN OUR TWO GOVERNMENTS AND THE ASSISTANCE OF THIS COMMITTEE IN THE PAST HAVE BEEN VITAL IN SUPPORTING THE SUBSTANTIAL GROWTH OF THE ECONOMY OF THE NMI AND IN THE DEVELOPMENT OF OUR LEGAL AND ADMINISTRATIVE INSTITUTIONS OF SELF-GOVERNMENT. WE LOOK FORWARD TO CONTINUED CLOSE WORK WITH THE COMMITTEE.

WITH ME REPRESENTING OUR LEGISLATURE ARE SENATE PRESIDENT BENJAMIN T. MANGLONA, SENATE VICE PRESIDENT JOSE P. MAFNAS, AND SENATOR JUAN N. BABAUTA. REPRESENTING THE HOUSE OF REPRESENTATIVE IS SPEAKER PEDRO R. GUERRERO. ALSO WITH ME IS MR. JAMES RIPPLE, OUR PLANNING AND BUDGET OFFICER, AND MR. FRANK ROSARIO, OUR BUDGET OFFICER.

SINCE I MET WITH YOU LAST YEAR THE NMI CONTINUES TO MEET OUR GOALS AND THE JOINT EXPECTATIONS WE HAVE WITH THE U.S. CONGRESS. I WILL HIGHLIGHT THE KEY FEATURES OF THIS PROGRESS WHICH STEMS IN LARGE MEASURE FROM OUR COMMONWEALTH STATUS AND POLITICAL UNION WITH THE UNITED STATES AS WELL AS FROM AGGRESSIVE POLICIES OF THE COMMONWEALTH GOVERNMENT TO ENCOURAGE DEVELOPMENT. I WILL ALSO IDENTIFY CERTAIN AREAS WE HAVE IDENTIFIED THAT REQUIRE ADDITIONAL EFFORT TO MEET OUR GOALS TO ASSURE ECONOMIC GROWTH AND TO PROVIDE TO OUR PEOPLE THE QUALITY OF LIFE AND STANDARD OF LIVING ENJOYED BY OUR FELLOW AMERICANS IN THE MAINLAND UNITED STATES.

ECONOMIC ACHIEVEMENTS

WE CONSIDER THE GROSS ISLAND PRODUCT (GIP) TO BE THE BASIC INDICATOR OF ECONOMIC DEVELOPMENT IN THE NMI. THE GIP HAS INCREASED FROM $97.6 MILLION IN 1978 TO $255.5 MILLION IN 1988. THESE FIGURES ARE BOTH GIVEN IN CONSTANT 1978 DOLLARS, INDICATING REAL AND SUBSTANTIAL DEVELOPMENT IN THE NMI OF 446 PERCENT FOR THE TEN-YEAR PERIOD FROM THE INCEPTION OF OUR SELF-GOVERNING COMMONWEALTH.

TOURISM IS THE DRIVING FORCE OF OUR ECONOMY. IN 1980 THERE WERE 740 HOTEL ROOMS IN THE NMI. IN 1988 THERE WERE 1,655 HOTEL ROOMS BUILT WITH 391 UNDER CONSTRUCTION AND 2,764 PROPOSED OR PLANNED. AS CAN BE SEEN FROM THESE FIGURES, TOURISM IN SAIPAN ALONE WILL MORE THAN DOUBLE WHEN THE PROPOSED INCREASED CAPACITY IS CONSTRUCTED. THE TOTAL ESTIMATED EARNINGS FROM TOURISM IN 1980 WAS $60.8 MILLION AND IN 1988 IT WAS $244.4 MILLION. NOT ONLY WILL REVENUES INCREASE SUBSTANTIALLY FORM THE NEW DEVELOPMENT PLANNED, BUT WE ARE FINDING A CHANGED MIX OF TOURISTS WHO STAY LONGER AND SPEND MORE ON THE AVERAGE. TOURISM WILL CONTINUE TO DRIVE OUR ECONOMY IN THE FORESEEABLE FUTURE.

MOST OF THE TOURIST DEVELOPMENT AND ECONOMIC DEVELOPMENT IN GENERAL HAS OCCURRED IN SAIPAN. HOWEVER, THIS IS CHANGING DRAMATICALLY. TWO MAJOR RESORTS IN THE PLANNING STAGE FOR ROTA PROPOSE 5 HOTELS WITH OVER 1,800 ROOMS, CHAMPIONSHIP GOLF COURSES, SHOPPING CENTERS AND COMPLETE RECREATIONAL FACILITIES. AS TINIAN AND ROTA DEVELOP, INTERISLAND TRANSPORTATION, BOTH BY SEA AND AIR, WILL NEED TO BE SUBSTANTIALLY IMPROVED. DIRECT AIR SERVICE TO TINIAN AND ROTA BY COMMERCIAL PASSENGER JETS WILL BE ESSENTIAL TO THE DEVELOPMENT OF THESE ISLANDS.

GROWTH OF THE PRIVATE SECTOR CAN ALSO BE MEASURED IN INCREASED WAGE AND SALARY INCOME. IN 1980, $41,863,000 WERE PAID IN WAGES

AND SALARIES IN THE NMI TO 7,627 WAGE EARNERS. IN 1988 THE ESTIMATED WAGE AND SALARY FIGURE WAS $120,000,000 FOR AN ESTIMATED 21,000 WAGE EARNERS.

INFRASTRUCTURE AND DEVELOPMENT PLANNING

ONE OF THE MAJOR ACHIEVEMENTS OF THE NMI DURING THE PAST YEAR HAS BEEN THE COMPLETION OF THE SEVEN YEAR CAPITAL DEVELOPMENT PLAN AS PROVIDED FOR IN THE AGREEMENT OF THE SPECIAL REPRESENTATIVES ON FUTURE UNITED STATES FINANCIAL ASSISTANCE TO THE NORTHERN MARIANA ISLANDS. THE PLAN WAS PRODUCED BY AN INTERNATIONALLY KNOW CONSULTING FIRM UNDER THE DIRECTION OF THE NMI GOVERNMENT. IT WAS ACCEPTED BY THE DEPARTMENT OF THE INTERIOR ON OCTOBER 31, 1989. THE CAPITAL DEVELOPMENT PLAN WHICH RUNS THROUGH 1992 IDENTIFIED PRIORITY CAPITAL IMPROVEMENT PROJECTS TO BE PAID FOR BY THE FIRST $126 MILLION IN CAPITAL DEVELOPMENT FUNDS AS PROVIDED FOR BY P.L. 99-396 AND IN ACCORDANCE WITH THE AGREEMENT OF THE SPECIAL REPRESENTATIVES AND THE BOND ISSUES THAT WERE BACKED BY PLEDGE OF THOSE CAPITAL DEVELOPMENT FUNDS. HOWEVER, THE PLAN IS MORE THAN JUST A BUDGET FOR THE COVENANT FUNDS UNDER THE SPECIAL REPRESENTATIVES AGREEMENT. IT CONTAINS A COMPREHENSIVE FINANCING STRATEGY WHICH INTEGRATES THE COVENANT FUNDING WITH OTHER FEDERAL LOAN AND GRANT PROGRAMS AND LOCAL REVENUES INTO A TOTAL CAPITAL DEVELOPMENT PLAN OF APPROXIMATELY $152.6 MILLION.

RELEASE BY THE OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS (OTIA) OF THE INITIAL $44 MILLION INCREMENT OF BOND FUNDS AND ACCEPTANCE OF THE SEVEN YEAR PLAN BY THE OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS AT THE END OF SEPTEMBER, 1988 AND THE 32.5 MILLION RELEASE JANUARY 18, 1989, HAS AT LAST ALLOWED US TO MOVE AHEAD RAPIDLY IN REBUILDING AND EXTENDING OUR INFRASTRUCTURE TO SUPPORT OUR GROWING PRIVATE SECTOR ECONOMY AND IMPROVING THE LIVING CONDITIONS OF OUR PEOPLE.

ELECTRIC POWER

WE HAVE EARMARKED A TOTAL $59.1 MILLION FROM ALL SOURCES FOR POWER PROJECTS INCLUDING OVERHAUL OF THE FOUR GENERATORS AT OUR MAIN 28 MEGAWATT SAIPAN POWER PLANT AND THE CONSTRUCTION OF A 15 MEGAWATT TEMPORARY POWER PLAN TO ALLOW SHUT DOWN OF THE GENERATORS AT THE MAIN PLANT FOR OVERHAUL. THE 15 MW PLANT WILL CONTINUE AS STANDBY AFTER THE OVERHAUL IS COMPLETE. WE HAVE CONTRACTED FOR AN ADDITIONAL 26 MEGAWATT POWER PLANT FOR SAIPAN TO BE COMPLETED IN APRIL, 1990.

IN ADDITION TO EXPANDING POWER GENERATING CAPACITY OF SAIPAN, WE ARE UPGRADING OUR DISTRIBUTION SYSTEM THROUGH THE DESIGN AND INSTALLATION OF NEW DISTRIBUTION LINES COSTING ABOUT $6 MILLION DOLLARS. KEY PORTIONS OF THE DISTRIBUTION SYSTEM WILL BE INSTALLED UNDERGROUND TO PROTECT THE LINES AGAINST DAMAGE OR DESTRUCTION FROM TYPHOONS. ALSO TO MEET THE REQUIREMENTS AND CONDITIONS OF THE SPECIAL REPRESENTATIVES AGREEMENT, PLACED UPON MUNICIPAL BONDS BY THE DEPARTMENT OF THE INTERIOR THAT OUR PUBLIC UTILITIES BE SELF-SUPPORTING THROUGH USER CHARGES, WE ARE COMMITTING $3.0 MILLION FOR INSTALLATION OF ELECTRICAL METERS ON ALL CUSTOMER'S PROPERTY TO SUBSTANTIALLY INCREASE UTILITY REVENUE.

ADDITIONAL GENERATION CAPACITY AND IMPROVED DISTRIBUTION SYSTEMS ARE ALSO PLANNED FOR TINIAN AT LEVELS NECESSARY TO MEET PROJECTED DEMAND ON TINIAN WHICH WILL SOON BE EXPERIENCING SUBSTANTIAL ECONOMIC GROWTH. PLANNING FOR INCREASED GENERATION CAPACITY ON TINIAN MIGHT ALSO TAKE INTO CONSIDERATION DEMAND CREATED BY DEFENSE DEPARTMENT INSTALLATIONS SUCH AS THE OVER-THE-HORIZON RADAR PROJECT TO BE BUILT ON TINIAN. THE NEW ROTA POWER PLANT WAS COMMISSIONED IN MAY 1988 AND THE TRANSMISSION LINE TO THE ROTA AIRPORT AND ANEW HOUSING DEVELOPMENT IN THE SINAPALO AREA WAS COMPLETED IN MARCH OF THIS YEAR.

PUBLIC WATER SUPPLY AND WASTEWATER SYSTEMS

UNDER THE NMI'S INTEGRATED CAPITAL DEVELOPMENT FINANCING SYSTEM, OUR PUBLIC WATER SUPPLY SYSTEMS ARE CONCURRENTLY BEING SUBSTANTIALLY REBUILT AND EXPANDED USING COVENANT FUNDS, OTHER FEDERAL GRANT AND FEDERAL LOAN PROGRAMS, AND LOCAL REVENUES. PROJECTS WORTH $6.5 MILLION HAVE BEEN COMPLETED OR ARE UNDER CONSTRUCTION. THESE PROJECTS INCLUDE DEVELOPMENT OF ADDITIONAL SOURCES OF WATER, REDUCTIONS IN LOSSES THROUGH REPAIR OF LEAKS IN TRANSMISSION LINES, EXPANDING STORAGE CAPACITY, AND BUILDING OF NEW TRANSMISSION LINES. ANOTHER $5.0 MILLION IN WATER PROJECTS HAVE BEEN DESIGNED AND ARE OUT FOR BID NOW. AND $9.1 HAS BEEN COMMITTED FOR ENGINEERING DESIGN OF ADDITIONAL PROJECTS.

ALTHOUGH POWER AND WATER ARE THE TWO MOST OBVIOUS CAPITAL IMPROVEMENT NEEDS OUR ISLANDS FACE, SEWERS AND WASTEWATER TREATMENT ARE AN EQUALLY IMPORTANT THOUGH LESS VISIBLE CAPITAL DEVELOPMENT NEED THAT LIMITS OUR ABILITY TO EXPAND OUR ECONOMIC BASE AND INCREASE OUR SELF-RELIANCE. OUR FISCAL YEAR 1990 BUDGET, TAKING INTO CONSIDERATION THE RECOMMENDATIONS OF THE SEVEN YEAR PLAN, ALLOCATES $8 MILLION FOR SEWERAGE PROJECTS ON SAIPAN, TINIAN, AND ROTA. AS WILL BE SEEN BELOW, THE SEVEN YEAR PLAN RECOMMENDS THAT ADDITIONAL SEWERAGE AND WASTEWATER TREATMENT PROJECTS BE FINANCED WITH EPA FUNDS.

PORT FACILITIES

IMPROVED PORT FACILITIES ARE ALSO CRUCIAL FOR THE CONTINUED ECONOMIC GROWTH AND STABILITY OF THE COMMONWEALTH. WE HAVE ALLOCATED A TOTAL OF $13.5 MILLION OF COVENANT FUNDS FOR IMPROVEMENTS TO PORTS ON SAIPAN. SEPARATE PROJECTS ARE PLANNED FOR TINIAN AND ROTA. I WOULD ESPECIALLY LIKE TO THANK THE CHAIRMAN AND ALL COMMITTEE MEMBERS FOR THE $10 MILLION DIRECT APPROPRIATION FROM THE U.S. CONGRESS FOR OFFSHORE DREDGING FOR THE SAIPAN HARBOR

PROJECT. AS YOU KNOW, THIS APPROPRIATION IS VITAL TO OUR HARBOR IMPROVEMENT PROGRAM. HOWEVER, AS YOU ALSO KNOW, AN ADDITIONAL $17.5 MILLION WILL BE REQUIRED TO COMPLETE THE PLANNED IMPROVEMENTS. THE COMMONWEALTH PORTS AUTHORITY IS INVESTIGATING OTHER POTENTIAL SOURCES OF FUNDING TO MEET THIS NEED.

TO AVOID EXCESSIVE DETAIL, I WILL JUST NOTE THAT THE TOTAL PLANNING SCOPE INCLUDES IMPROVEMENTS IN EDUCATIONAL FACILITIES, ROADS, AND OTHER PUBLIC FACILITIES SUCH AS SOLID WASTE DISPOSAL SITES, FLOOD CONTROL, RECREATIONAL FACILITIES, AND OTHERS.

UNMET CAPITAL DEVELOPMENT NEEDS

I WOULD LIKE TO EMPHASIZE THAT ALTHOUGH THE CAPITAL DEVELOPMENT PLAN IDENTIFIED A TOTAL OF APPROXIMATELY $152 MILLION ASSURED FUNDING FROM COVENANT FUNDS, OTHER FEDERAL GRANT AND LOAN PROGRAMS, AND LOCAL APPROPRIATIONS, THE PLAN ALSO IDENTIFIED ADDITIONAL URGENTLY NEEDED CAPITAL IMPROVEMENT PROJECTS TOTALLING $89.1 MILLION FOR WHICH THERE ARE NO IDENTIFIED LIKELY FUNDING SOURCES. THE UNMET CAPITAL IMPROVEMENT NEEDS IN THIS CATEGORY ARE ESPECIALLY IMPORTANT IN THE AREA OF SEWERS AND WASTEWATER TREATMENT ($10.9 MILLION), POWER ($23.5 MILLION) AND THE SAIPAN COMMERCIAL PORT ($17.5 MILLION). HOWEVER, URGENT NEEDS WERE IDENTIFIED IN ALL CAPITAL IMPROVEMENT CATEGORIES.

ONE SPECIFIC FOCUS OF THESE UNMET NEEDS IS IN OUR RESIDENTIAL HOMESTEADING PROGRAM. ECONOMIC DEVELOPMENT HAS PROCEEDED SO RAPIDLY IN THE COMMONWEALTH THAT LAND VALUES HAVE ESCALATED BEYOND THE REACH OF MOST YOUNG PEOPLE. THE COMMONWEALTH CREATED A HOMESTEADING PROGRAM TO TRANSFER PUBLIC LAND TO PEOPLE WHO CANNOT AFFORD TO PURCHASE THEIR OWN HOMESITES. HOWEVER, EVEN WITH THE SUBSTANTIAL FUNDING LEVEL AVAILABLE TO US, WE ARE UNABLE TO PROVIDE BASIC INFRASTRUCTURE INCLUDING WATER, POWER, SEWERS, ROADS,

AND DRAINAGE FOR OUR HOMESTEAD VILLAGES. THIS MEANS THAT HUNDREDS OF YOUNG FAMILIES WITH CHILDREN HAVE BUILT HOMES OR ARE BUILDING HOMES WITHOUT BASIC AMENITIES. WE WILL FIND THAT THE NEED FOR ADDITIONAL HOMESTEAD LOTS WILL GROW AS THE POPULATION GROWS, LAND VALUES RISE, AND MORE AND MORE OF OUR VERY SCARE LAND IS COMMITTED FOR VARIOUS DEVELOPMENT, PUBLIC, AND CONSERVATION PURPOSES.

WHEN THE $89.1 MILLION IN UNMET CAPITAL IMPROVEMENT REQUIREMENTS IDENTIFIED BY THE CONSULTANT ARE ADDED TO THE $152.6 MILLION IN ASSURED FUNDING, THE TOTAL SCOPE OF THE CAPITAL DEVELOPMENT PLAN IS $241.7 MILLION. THIS IS NEARLY DOUBLE THE AMOUNT OF U.S. SUPPORT IDENTIFIED IN P.L. 99-396.

HOWEVER, EVEN THIS FIGURE SUBSTANTIALLY UNDERESTIMATES OUR TOTAL CURRENT CAPITAL IMPROVEMENT REQUIREMENTS SINCE A NUMBER OF IMPORTANT CAPITAL IMPROVEMENT NEEDS DID NOT MAKE IT INTO THE SEVEN YEAR PLAN. AMONG SPECIFIC PROJECTS NOT IDENTIFIED IN THE PLAN ARE: A NEW PRISON AT $3.7 MILLION; GARAPAN FLOOD CONTROL AT $2 MILLION; EDUCATION PROJECTS AT $4.9 MILLION, AND THE AMERICAN MEMORIAL PARK COMPLEX WITH A PERFORMING ARTS CENTER AT $16 MILLION, AND OTHER SPECIFIC PROJECTS. IN ADDITION, BECAUSE THE PLANNING WAS NOT BASED UPON A LAND USE MAP AND PROPOSED COMMERCIAL ZONING IN RELATION TO PROJECTED POPULATION GROWTH FIGURES, THE ESTIMATES FOR ROADS, SEWERS, AND WASTEWATER TREATMENT PLANTS ARE ALMOST CERTAINLY MILLIONS OF DOLLARS BELOW THE ACTUAL NEEDS WE FACE NOW OR WE WILL FACE IN THE NEXT FEW YEARS. NEEDED ROAD BUILDING AND REBUILDING ALONE COULD COST IN THE AREA OF $40 MILLION.

TWO PROGRAMS ARE NOW UNDERWAY IN THE CNMI TO PROVIDE THE NEEDED LAND USE PLANNING CAPABILITY AND BASIC LAND USE MAPS. THE MARIANAS PUBLIC LAND CORPORATION (MPLC) IS COMPLETING A COMPUTERIZED LAND USE MAPPING SYSTEM INTEGRATED WITH A COMPUTERIZED GEOGRAPHIC

INFORMATION SYSTEM WHICH WILL BE THE MOST SOPHISTICATED LAND USE MAPPING AND INVENTORY SYSTEM IN THE PACIFIC. THIS SYSTEM WILL BE AVAILABLE TO OTHER DEPARTMENTS AND AGENCIES SUCH AS THE COASTAL RESOURCES MANAGEMENT PROGRAM, THE DEPARTMENT OF NATURAL RESOURCES, AND OTHERS, TO FACILITATE COORDINATED LAND USE AND RESOURCES PLANNING. IN ADDITION, LONG OVERDUE ZONING LEGISLATION IS EXPECTED TO BE SENT TO THE GOVERNOR FOR SIGNATURE IN A MATTER OF WEEKS. THE MPLC MAPPING AND PLANNING PROGRAM IS SPECIFICALLY FOR PUBLIC LANDS WHICH MAKE UP A SUBSTANTIAL PORTION OF ALL LANDS IN THE COMMONWEALTH. THE ZONING PROGRAM CAN USE THE MPLC SYSTEM TO INCLUDE PRIVATE LAND USE PLANNING.

WE ARE ALSO DRAFTING AN IMPACT FEE PROGRAM WHICH WILL BE DESIGNED TO ASSURE THAT DEVELOPERS PAY THEIR FAIR SHARE IN THE FUTURE. FUTURE DEMAND FOR INFRASTRUCTURE WHICH IS CREATE BY NEW DEVELOPMENT WILL BE COVERED IN LARGE PART THROUGH THIS MECHANISM. HOWEVER, CASE LAW IN THE UNITED STATES HAS INDICATED THAT IT IS NOT POSSIBLE TO USE THE IMPACT FEE APPROACH TO FUND EXISTING INFRASTRUCTURE DEFICIENCIES. WE WILL NEED TO INVESTIGATE ALTERNATE POSSIBLE SOURCES OF FUNDING TO MEET OUR EXISTING NEEDS WHICH ARE NOT COVERED BY ASSURED FUNDING. UNFORTUNATELY, MUCH OF THESE NEEDS WILL PROBABLY NOT BE MET BEFORE THE SECOND SEVEN YEAR PLANNING CYCLE OF THE SPECIAL REPRESENTATIVES AGREEMENT THAT BEGINS IN 1993. WE WILL ALMOST CERTAINLY FIND THAT THESE NEEDS CARRY OVER INTO THAT NEW PLANNING PERIOD.

IN THE MEANTIME, WE ALSO RECOGNIZE THE NEED TO DIVERSIFY OUR ECONOMY AND BROADEN OUR ECONOMIC BASE. WE APPRECIATE RECENT ASSISTANCE FROM THE OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS IN PRODUCING A PROMOTIONAL VIDEO OF THE NMI DESIGNED TO ATTRACT AMERICAN INVESTMENT IN OUR ISLANDS. WE ARE ALSO CONDUCTING A FEASIBILITY STUDY FOR AQUACULTURE DEVELOPMENT PLAN FOR THE COMMONWEALTH AS PART OF OUR DIVERSIFICATION STRATEGY. WE HAVE

RECENTLY COMPLETED A MANPOWER DEVELOPMENT PLAN WHICH IS BEING INTEGRATED INTO OUR ECONOMIC DEVELOPMENT STRATEGY.

WE ARE ALSO SUBMITTING A TECHNICAL ASSISTANCE APPLICATION TO THE OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS TO ASSIST US IN SOLVING ONE OF THE MOST VEXING OF OUR DEVELOPMENT PROBLEMS, THE DISPOSAL OF SOLID WASTE. FOR TOO MANY YEARS WE HAVE BEEN FILLING OUR BEAUTIFUL SAIPAN LAGOON, WHICH IS A NURSERY FOR MUCH OF OUR SEALIFE AND A KEY COMPONENT OF OUR ATTRACTIVENESS AS A TOURIST DESTINATION, WITH OUR SOLID WASTE. AS WE DEVELOP, THE VOLUME OF SOLID WASTE IS INCREASING DRAMATICALLY. WE HAVE RECENTLY COMMISSIONED A STUDY TO DETERMINE ALTERNATIVE LANDFILL SITES FOR SAIPAN. BOTH OF TWO SITES IDENTIFIED BY THE CONSULTANT AS APPROPRIATE HAVE VERY SHORT EXPECTED USEFUL LIVES. WITHIN ONLY EIGHT TO TWENTY YEARS WE WILL HAVE EXHAUSTED ALL APPROPRIATE LANDFILL SITES IN SAIPAN. OUR GOVERNMENT IS BUDGETING $50,000 OF LOCAL FUNDS TO MATCH $194,000 IN REQUESTED OTIA FUNDS TO INVESTIGATE THE FEASIBILITY OF INCINERATING OUR SOLID WASTE, RECYCLING, COGENERATION, AND TO DEVELOP A COMPREHENSIVE SOLID WASTE MANAGEMENT PLAN FOR SAIPAN, ROTA, AND TINIAN. MR. CHAIRMAN, WE ASK FOR THE COMMITTEE'S SUPPORT FOR THIS REQUEST.

FISCAL YEAR 1990 BUDGET

THE ADMINISTRATION'S REQUEST FOR FISCAL YEAR 1990 FOR FEDERAL FINANCIAL ASSISTANCE TO THE NMI INCLUDED $13 MILLION FOR GOVERNMENT OPERATIONS AND $20,850,000 FOR CAPITAL DEVELOPMENT FOR A TOTAL OF $33,850,000. THESE AMOUNTS ARE CONSISTENT WITH THE SEVEN-YEAR FINANCIAL ASSISTANCE PLAN PROVIDED UNDER THE SPECIAL REPRESENTATIVES' AGREEMENT BETWEEN THE UNITED STATES AND THE NORTHERN MARIANA ISLANDS. MR. CHAIRMAN, WE SUPPORT THE ADMINISTRATION'S REQUEST.

PUBLIC LAW 99-396, WHICH AUTHORIZED THE APPROPRIATION OF THESE

FUNDS, PROVIDES FOR PERFORMANCE STANDARDS WHICH MUST BE COMPLIED WITH BY THE NMI. FOR GOVERNMENT OPERATIONS, THE STANDARDS PROVIDE THAT: (1) THE NMI SHALL DEMONSTRATE A DECREASING RELIANCE IN FEDERAL COVENANT FINANCIAL ASSISTANCE FOR GOVERNMENT OPERATIONS; (2) THE NMI SHALL REDUCE THE OVERALL SIZE OF GOVERNMENT; AND (3) THE NMI SHALL NOT USE CAPITAL DEVELOPMENT FUNDS FOR GOVERNMENT OPERATIONS. I WOULD LIKE TO REPORT TO THE COMMITTEE THE STATUS OF THE NMI'S COMPLIANCE WITH THESE STANDARDS.

WITH RESPECT TO THE DECREASING RELIANCE ON FEDERAL COVENANT FINANCIAL ASSISTANCE, I AM PLEASED TO REPORT THAT THE NMI HAS ESSENTIALLY COMPLIED WITH THE REQUIREMENT. IN 1978, WHEN LOCAL REVENUES WERE ONLY $5.0 MILLION AND COVENANT FUNDS FOR OPERATIONS WERE $9.9 MILLION, THE NMI'S RELIANCE ON FEDERAL ASSISTANCE WAS APPROXIMATELY 66%. THAT PERCENTAGE HAD DECREASED IN HALF IN 1985 WHEN RELIANCE ON FEDERAL FUNDS WAS APPROXIMATELY 33%. IN 1986, WHEN THE PERFORMANCE STANDARDS TOOK EFFECT, THE PERCENTAGE WAS APPROXIMATELY 29 PERCENT WITH LOCAL REVENUES AT $43.8 MILLION COMPARED TO COVENANT FUNDS AT $17.7 MILLION. IN 988, NMI LOCAL REVENUE WAS ALMOST $76.0 MILLION REPRESENTING 83% OF TOTAL GOVERNMENT REVENUE. THE INCREASE OF LOCAL GOVERNMENT REVENUES IN ONE DECADE FROM $5 MILLION TO $76 MILLION REPRESENTS A FIFTEEN FOLD INCREASE AND IS THE BASIS FOR OUR DECREASE IN DEPENDENCE ON FEDERAL FUNDING. BY FISCAL YEAR 1990, WE PROJECT FEDERAL FINANCIAL ASSISTANCE TO BE ONLY 14% OF THE TOTAL RESOURCES AVAILABLE FOR OPERATIONS. THIS, MR. CHAIRMAN, IS A SIGNIFICANT ACHIEVEMENT.

WITH RESPECT TO THE OVERALL SIZE OF GOVERNMENT IT IS ESSENTIAL TO KEEP IN MIND THAT THE NMI GOVERNMENT PERFORMS THE FUNCTIONS OF WHAT ARE FIVE LEVELS OF GOVERNMENT IN THE UNITED STATES. ONE LEVEL IS THE NATIONAL LEVEL. OUR IMMIGRATION DEPARTMENT IS AN EXAMPLE OF OPERATIONS AT THIS LEVEL. WE ALSO FUNCTION AS STATE GOVERNMENT, A COUNTY GOVERNMENT, A LOCAL GOVERNMENT, AND AT THE DISTRICT LEVEL AS IN THE CASE OF OUR PUBLIC SCHOOL SYSTEM. AS WE

DEVELOP AND OUR SOCIETY BOTH GROWS IN SIZE AND COMPLEXITY, THERE ARE PRESSURES ON OUR GOVERNMENT IN INCREASE SERVICES AT MANY OF THESE SERVICE LEVELS. WE WILL FIND, FOR EXAMPLE, THAT A ZONING CODE AND BUILDING CODE WILL INVOLVE INCREASES IN THE NUMBERS OF GOVERNMENT EMPLOYEES WE NEED TO MANAGE OUR OWN AFFAIRS.

HOWEVER, WE SHOULD NOT BE MISLED BY ABSOLUTE NUMBERS WHEN WHAT IS AT ISSUE IS THE PROPORTION OF LOCAL RESOURCES ALLOCATED TO PUBLIC SERVICES. IT IS THE NMI'S POSITION THAT REDUCTION IN THE OVERALL SIZE OF GOVERNMENT SHOULD BE MEASURED AND EXPRESSED IN TERMS OF THE PERCENTAGE OF THE COST OF GOVERNMENT OPERATIONS AS A PORTION OF OUR RAPIDLY INCREASING GROSS ISLAND PRODUCT (GIP). WHEN MEASURED THIS WAY, IT MAY CLEARLY BE SEEN THAT ALTHOUGH OUR SOCIETY IS GROWING AN OUR SERVICE LEVEL IS ALSO GROWING, OUR EFFICIENCY IS INCREASING AND THE PROPORTION OF OUR GIP ALLOCATED TO PUBLIC SERVICE IS DECLINING.

FOR FISCAL YEAR 1986, THE FIRST YEAR IN WHICH THE STANDARD TOOK EFFECT, THE COST OF GOVERNMENT OPERATIONS REPRESENTED 19.1 PERCENT OF THE GIP. THIS PERCENTAGE DECREASED IN 1988 TO 17.4 PERCENT AND WE EXPECT THE RELATIVE SIZE OF GOVERNMENT TO FURTHER DECREASE BY FISCAL YEAR 1990.

THE REQUIREMENT THAT CAPITAL DEVELOPMENT FUNDS NOT BE SPENT FOR GOVERNMENT OPERATIONS HAS BEEN COMPLIED WITH THROUGHOUT THE REPORTING PERIOD.

THE SECOND SET OF PERFORMANCE STANDARDS RELATES TO THE USE OF CAPITAL DEVELOPMENT FUNDS. THESE INCLUDE: (1) THE DEVELOPMENT OF A CAPITAL DEVELOPMENT PLAN FOR THE FUNDING PERIOD 1986 - 1992 UNDER THE SPECIAL REPRESENTATIVES' AGREEMENT; (2) THE CONTINUATION OF AN INDEPENDENT PUBLIC AGENCY THAT SETS RATES AND FEES FOR PUBLIC UTILITIES AS DESCRIBED IN NMI PUBLIC LAW 4-47, "THE COMMONWEALTH UTILITIES CORPORATION ACT"' (3) THAT THE SERVICES PROVIDED BY THE AGENCY BE FULLY FUNDED INCLUDING CURRENT EXPENSES AND

LONG-TERM DEBT THROUGH USER RATES AND FEES, WITHOUT GOVERNMENT SUBSIDY, BY THE END OF THE THIRD YEAR IN WHICH THE SPECIAL REPRESENTATIVES' AGREEMENT IS IN EFFECT.

IN ADDITION TO THESE STANDARDS, THE DEPARTMENT OF THE INTERIOR IMPOSED TERMS AND CONDITIONS UNDER THE GRANT PLEDGE AGREEMENTS WHICH COMMITTED THE NMI CAPITAL DEVELOPMENT FUNDS FOR REPAYMENT OF TAX-EXEMPT REVENUE BONDS ISSUED BY THE COMMONWEALTH DEVELOPMENT AUTHORITY (CDA). THOSE ADDITIONAL TERMS AND CONDITIONS INCLUDE: (1) THE REQUIREMENT THAT COMMONWEALTH UTILITIES CORPORATION (CUC) EXECUTE A CONTRACT WITH A QUALIFIED ELECTRICAL UTILITIES MANAGEMENT FIRM TO OPERATE AND MANAGE THE ELECTRIC UTILITY OF THE COMMONWEALTH FOR UP TO THREE YEARS; (2) THAT THE CUC SET USER FEES AT FULL COST RECOVERY RATES NO LATER THAN JANUARY 1, 19189.

IN COMPLIANCE WITH THE PERFORMANCE STANDARDS AND THE TERMS AND CONDITIONS IMPOSED UNDER THE GRANT PLEDGE AGREEMENTS ON THE USE OF CAPITAL DEVELOPMENT FUNDS, THE NMI REPORTS THE FOLLOWING: (1) AS NOTED ABOVE, THE NMI PREPARED THE REQUIRED CAPITAL DEVELOPMENT PLAN; (2) ON OCTOBER 1, 1988, THE CUC CONTRACTED WITH LYONNAISE MARIANAS AMERICA, INC., TO OPERATE AND MANAGE ELECTRIC UTILITIES OPERATIONS ON SAIPAN, TINIAN, AND ROTA; (3) THE CUC ADOPTED NEW USER FEES FOR POWER SERVICES AT FULL COST RECOVERY RATES EFFECTIVE JANUARY 1, 1989. THE NEW RATES ARE $0.11/KWH AND $0.16/KWH FOR RESIDENTIAL AND COMMERCIAL/GOVERNMENT CUSTOMERS, RESPECTIVELY.

MR. CHAIRMAN, OUR GOVERNMENT FIRMLY BELIEVES THAT WE HAVE COMPLIED IN FULL WITH THE PERFORMANCE STANDARDS OF THE SPECIAL REPRESENTATIVES' AGREEMENT AND OTIA'S TERMS AND CONDITIONS IN THE GRANT PLEDGE AGREEMENTS.

THE PRESIDENT'S BUDGET RECOMMENDATION FOR FISCAL YEAR 1990 FOR THE NMI IS CONSISTENT WITH THE SEVEN-YEAR FINANCIAL ASSISTANCE

PLAN AUTHORIZED UNDER PUBLIC LAW 99-396. HOWEVER, AS THIS COMMITTEE IS AWARE, THE NMI HAS BEEN REQUESTING FUNDS FOR IMPORTANT PROJECTS AND PROGRAMS NOT PREVIOUSLY CONSIDERED DURING THE NEGOTIATION OF THE SECOND SEVEN-YEAR FINANCIAL ASSISTANCE PLAN. THESE PROJECTS INCLUDE THE SAIPAN PORT DEVELOPMENT, FINAL PAYMENT ON TITLE I WAR CLAIMS, AND THE AMERICAN MEMORIAL PARK DEVELOPMENT.

WITH RESPECT TO THE SAIPAN PORT DEVELOPMENT, WE WOULD LIKE TO EXPRESS OUR SINCERE APPRECIATION TO THE COMMITTEE FOR ITS SUPPORT OF THE APPROPRIATION OF $10 MILLION IN FISCAL YEAR 1989. THE AVAILABILITY OF THIS MONEY HAS TRIGGERED THE COMMENCEMENT OF THE NECESSARY A & E WORK WHICH WILL ALLOW SUBSEQUENT WORK ON THE PROJECT TO TAKE PLACE. THE NMI HAS IDENTIFIED AND HAS SET ASIDE APPROXIMATELY $13.5 MILLION ON ITS CAPITAL DEVELOPMENT FUNDS TO SUPPLEMENT THE FEDERAL APPROPRIATION. WE STILL ANTICIPATE TOTAL COST TO BE IN THE NEIGHBORHOOD OF $42 MILLION AND WE WILL CONTINUE TO SEEK OTHER MEANS TO FINANCE THE BALANCE OF THE PROJECT. WE WILL KEEP THE COMMITTEE INFORMED REGARDING OUR PROGRESS.

ALSO, WE THANK THE COMMITTEE FOR ITS SUPPORT OF THE APPROPRIATION OF SOME $12 MILLION DOLLARS FOR THE FINAL PAYMENT OF THE TITLE I WAR CLAIMS. THE APPROPRIATION AND AVAILABILITY OF FUNDS FOR PAYMENT OF WAR CLAIMS IS A CLEAR DEMONSTRATION OF THE U. S. GOVERNMENT'S COMMITMENT TO THE WELFARE OF THE MICRONESIAN PEOPLE RESULTING FROM THE LOSS OF PROPERTY AND LIFE FROM WORLD WAR II. AGAIN, WE THANK THE COMMITTEE FOR THE CONCERNS AND THE FULFILLMENT OF THAT COMMITMENT.

OVERCEILING REQUEST

DURING PREVIOUS FISCAL YEARS, THE NMI SUBMITTED APPROPRIATION REQUESTS FOR THE DEVELOPMENT OF THE AMERICAN MEMORIAL PARK ON SAIPAN. THIS YEAR IS NO DIFFERENT, AND WE AGAIN ASK FOR THE

COMMITTEE'S SUPPORT FOR THE APPROPRIATION OF $3 MILLION OF THE PARK AS AUTHORIZED UNDER PUBLIC LAW 95-348. THIS IS THE AMOUNT THAT WILL BE NEEDED TO FUND THE FIRST PHASE OF THE PROJECT WHICH WILL INCLUDE SITE PREPARATION, WALKWAYS AND SIGNS, GENERAL PARK DEVELOPMENT COSTS AND LAST ESTIMATED AT $16 MILLION AND THE BALANCE OF THE FUNDS WILL BE ADDRESSED AS THE PROJECT IS PHASED INTO THE SUBSEQUENT YEARS. FUNDS FOR THESE ADDITIONAL PHASES ARE NOT REQUESTED AT THIS TIME.

THE NMI HAS BEEN A RECIPIENT OF DEPARTMENT OF JUSTICE GRANTS FOR THE CRIMINAL JUSTICE PLANNING AGENCY FOR SEVERAL YEARS NOW. OUR CRIMINAL JUSTICE PROGRAMS HAVE BEEN SUCCESSFUL IN MANY RESPECTS, INCLUDING DRUG EDUCATION AND DRUG INTERDICTION. WE PLAN TO CONTINUE OUR EFFORTS TO COMMUTE THE EXISTENCE OF ILLEGAL DRUG ACTIVITIES IN THE NMI AND WE CAN ONLY DO THIS WITH THE CONTINUING SUPPORT OF THE FEDERAL GOVERNMENT.

FOR FISCAL YEARS 1987 AND 1988, THE NMI CRIMINAL JUSTICE PLANNING AGENCY RECEIVED GRANTS OF AT LEAST $500,000 EACH YEAR. THIS WAS BASED ON THE DESIGNATION OF THE NMI AS A SINGLE STATE FOR PURPOSES OF GRANT ALLOCATION. HOWEVER, UPON ENACTMENT OF PUBLIC LAW 100-690, THE ANTI-DRUG ABUSE ACT OF 1988, THE NMI'S SINGLE-STATE STATUS WAS ELIMINATED. INSTEAD, THE NMI, AMERICAN SAMOA, AND GUAM, HAVE BEEN COMBINED AND ARE NOW COLLECTIVELY CONSIDERED ONE STATE WITH FUND ALLOCATION OF 17%, 33%, AND 50% RESPECTIVELY. ACCORDINGLY, THE NMI GRANT ALLOCATION OUT OF THE FUNDS AVAILABLE (570,000) FOR THE PACIFIC TERRITORIES FOR FISCAL YEAR 1989 IS ONLY $96,900. MR. CHAIRMAN, THIS REPRESENTS A SIGNIFICANT REDUCTION OF APPROXIMATE 80 PERCENT FROM THE PREVIOUS YEAR'S ALLOCATION.

WE WOULD LIKE TO MOVE FORWARD IN OUR DRUG EDUCATION AND INTERDICTION PROGRAMS AND RESPECTFULLY REQUEST THE ASSISTANCE OF THIS COMMITTEE IN WORKING WITH THE HOUSE JUDICIARY COMMITTEE TO AMEND

SECTION 901(2) OF PUBLIC LAW 90-3561, THE OMNIBUS CRIME CONTROL AND SAFE STREETS ACT OF 1968, TO DESIGNATE THE NORTHERN MARIANA ISLANDS AS A SEPARATE STATE AGENCY. IN ORDER FOR THE NMI TO COMPLEMENT THE EFFORTS OF THE NEIGHBORING ISLANDS IN DRUG PREVENTION AND CONTROL, ADEQUATE FUNDS MUST BE PROVIDED.

ON BEHALF OF THE PEOPLE OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, I AGAIN EXTEND OUR APPRECIATION FOR YOUR INTEREST AND SUPPORT IN THE CONTINUED GROWTH AND DEVELOPMENT OF OUR ISLANDS AND WE LOOK FORWARD TO CONTINUING THAT RELATIONSHIP. IF YOUR SCHEDULE PERMITS, WE INVITE YOU AND OTHER MEMBERS OF CONGRESS TO VISIT US IN THE ISLANDS SO THAT WE CAN SHOW YOU MORE OF OUR PROGRESS AND DEVELOPMENT AND ALSO TO SHARE WITH YOU THE FRUITS OF OUR POLITICAL UNION. AFTER ALL, YOU WILL STILL BE IN AMERICAN SOIL ONLY TEN THOUSAND MILES AWAY. THANK YOU.

STATEMENT OF BENJAMIN T. MANGLONA

HONORABLE CHAIRMAN ROBERT C. BYRD, DISTINGUISHED MEMBERS OF THIS SUBCOMMITTEE:

THANK YOU FOR INVITING US TO TESTIFY ON THE FISCAL YEAR 1990 BUDGET. MY NAME IS BENJAMIN T. MANGLONA, PRESIDENT OF OUR COMMONWEALTH SENATE. WITH ME IS PEDRO R. DL. GUERRERO, SPEAKER OF THE HOUSE OF REPRESENTATIVES, SENATE VICE PRESIDENT JOSE P. MAFNAS, WHO ALSO SERVE AS THE CHAIRMAN OF OUR COMMITTEE ON RESOURCES AND DEVELOPMENT, AND SENATOR JUAN N. BABAUTA, CHAIRMAN OF OUR COMMITTEE ON HEALTH, EDUCATION AND WELFARE, AND OUR COMMITTEE ON RULES AND PROCEDURES.

OUR JOINT STATEMENT TODAY IS A BIPARTISAN POSITION WHICH ENJOYS THE FULL SUPPORT OF BOTH HOUSES OF THE SIXTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE.

WE ESPECIALLY APPRECIATE THE OPPORTUNITY TO PERSONALLY PRESENT TO YOU OUR SINCERE GREETINGS AND WARMEST "HAFA ADAI" FROM AMERICA'S NEWEST FRONTIER IN THE WESTERN PACIFIC, THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS. WE THANK YOUR SUBCOMMITTEE FOR ITS CONTINUED FRIENDSHIP AND BIPARTISAN SUPPORT TO THE NEEDS OF OUR ISLANDS AND OUR PEOPLE.

BEFORE WE ADDRESS THE PROPOSED BUDGET FOR FISCAL YEAR 1990, WE WISH TO ADDRESS ANOTHER ISSUE OF GREAT IMPORTANCE --- THE UNIQUE POLITICAL RELATIONSHIP BETWEEN OUR TWO GOVERNMENTS.

COMMONWEALTH-FEDERAL RELATIONS

OUR COMMONWEALTH COVENANT AGREEMENT HAS CERTAIN PROVISIONS THAT ARE NOT FOUND ANYWHERE ELSE IN THE AMERICAN POLITICAL SYSTEM. AS A FORMER LEAGUE OF NATIONS MANDATE UNDER JAPAN --- AND A UNITED NATIONS TRUST TERRITORY AFTER THE SECOND WORLD WAR --- OUR ISLANDS ARE THE ONLY FOREIGN SOIL OCCUPIED BY U.S. FORCES IN THAT WAR WHERE THE AMERICAN FLAG STILL FLIES.

FULL INTERNAL SELF-GOVERNMENT HAS ALWAYS BEEN THE MOST IMPORTANT ISSUE FOR OUR PEOPLE IN OUR RELATIONSHIP WITH THE UNITED STATES. IN A U.N.-OBSERVED PLEBISCITE IN 1975, OUR PEOPLE OVERWHELMINGLY APPROVED THE COMMONWEALTH COVENANT BY MORE THAN 78%. WE BELIEVED THAT THE UNITED STATES WOULD HONOR AND RESPECT THE UNIQUE FEATURES OF THE COVENANT AGREEMENT PERTAINING TO SELF-GOVERNMENT. HOWEVER, THIS HAS NOT ALWAYS BEEN THE CASE. UNFORTUNATELY THE INTERPRETATION OF CERTAIN UNIQUE PROVISIONS OF THE COVENANT BY THE FEDERAL GOVERNMENT HAS BEEN FLAWED. FROM TIME TO TIME THE FEDERAL GOVERNMENT TREATS THE NORTHERN MARIANAS AS ANY OTHER TERRITORY OR POSSESSION OF THE UNITED STATES.

THE FOLLOWING ARE SOME OF OUR SPECIFIC SELF-GOVERNMENT CONCERNS:

1) ONLY PERSONS OF NORTHERN MARIANAS DESCENT SHALL OWN LAND IN THE NORTHERN MARIANA ISLANDS;

2) WE RETAIN EXCLUSIVE CONTROL OVER OUR IMMIGRATION LAWS;

3) THE U.S. TERRITORIAL AND COMMERCE CLAUSES OF THE U.S CONSTITUTION SHALL NOT APPLY;

4) OUR MUNICIPAL BONDS ARE TAX FREE;

5) OUR CLAIMS TO INTERAL SOVEREIGNTY OVER OUR MARINE RESOURCES IN OUR EXCLUSIVE ECONOMIC ZONE MUST BE RECOGNIZED;

6) THE COMPOSITION OF OUR COMMONWEALTH SENATE, AS AGREED UPON IN THE COVENANT, MUST BE RESPECTED BY U.S. COURTS;

7) THE U.S. CONGRESS MUST NOT MODIFY OUR COVENANT WITHOUT OUR CONSENT;

8) OUR VIEWS ON INTERNATIONAL MATTERS & TRADE AGREEMENTS SHOULD RECEIVE SYMPATHETIC CONSIDERATION FROM THE FEDERAL GOVERNMENT.

SECTION 902 OF OUR COMMONWEALTH COVENANT PROVIDES A MECHANISM FOR BOTH PARTIES TO MEET AND DISCUSS PROBLEMS THAT MAY ARISE BETWEEN OUR GOVERNMENTS. BUT IN THE PAST, THE UNITED STATES HAS BEEN RELUCTANT TO MEET AND DISCUSS COVENANT ISSUES, ESPECIALLY THE EXERCISE OF OUR INTERNAL SELF-GOVERNMENT. OUR PEOPLE EXPECT THE 902 CONSULTATIONS TO PRODUCE POSITIVE RESULTS. IN FACT, IN THE NOVEMBER 1987 ELECTION, OUR PEOPLE APPROVED AN INITIATIVE THAT SAID IF ANY MAJOR MATTERS CONCERNING SELF-GOVERNMENT ARE NOT RESOLVED BY JULY 1, 1989, OUR PEOPLE SHALL HAVE THE RIGHT TO REAFFIRM, REJECT, OR RENEGOTIATE THE COVENANT.

FINALLY, IN MAY 1988, THE REAGAN ADMINISTRATION APPOINTED A REPRESENTATIVE. DISCUSSIONS TOOK PLACE IN AUGUST, OCTOBER, AND AGAIN IN JANUARY OF THIS YEAR. WE HAVE PRESENTED OUR ISSUES. WE HAVE DEMONSTRATED A GOOD FAITH EFFORT IN TRYING TO RESOLVE THE ISSUES. BUT STILL NO SIGNIFICANT PROGRESS HAS BEEN MADE. TIME IS

NOW RUNNING SHORT. ONLY TWO MONTHS REMAIN FOR US TO RESOLVE SOME OF THE MAJOR ISSUES. THEREFORE, IT IS IMPERATIVE THAT THE 902 CONSULTATIONS BE ACCORDED THE HIGHEST PRIORITY BY OUR TWO GOVERNMENTS. IT IS OUR HOPE THAT THE UNITED STATES GOVERNMENT WILL RECOGNIZE THE IMPORTANCE OF THESE CONSULTATIONS IN ORDER FOR US TO PROTECT AND PRESERVE OUR UNIQUE RELATIONSHIP. OUR PEOPLE HAVE GIVEN US A MANDATE. SHOULD WE MISS THE DEADLINE, WE WILL HAVE NO CHOICE BUT TO FOLLOW THAT MANDATE.

ECONOMIC AND FINANCIAL ISSUES

BUILDING A BETTER FINANCIAL FOUNDATION FOR THE NORTHERN MARIANAS IS A KEY CONCERN OF OUR GOVERNMENT. SINCE THE INCEPTION OF OUR COMMONWEALTH, WE HAVE MADE SIGNIFICANT GAINS IN SELF-SUPPORT AS LOCALLY GENERATED REVENUES HAVE INCREASED FROM $5 MILLION IN 1977 TO $72 MILLION IN FISCAL YEAR 1988, EXCLUDING COVENANT FUNDING. THIS REPRESENTS AN UNPRECEDENTED INCREASE OF NEARLY 15 TIMES THE 1977 AMOUNT, DUE TO EXPANDED GROWTH IN BUSINESS, CONSTRUCTION, AND TOURISM. LAST YEAR, FOR EXAMPLE, WE WELCOMED 245,000 VISITORS, A 26% INCREASE OVER 1987.

WHILE THIS GROWTH MAY SEEM IMPRESSIVE, THE STANDARD OF LIVING AND LEVEL OF PUBLIC SERVICES AVAILABLE TO OUR PEOPLE STILL LAGS FAR BEHIND YOUR TYPICAL U.S. MAINLAND COMMUNITY. TO BE SPECIFIC, PROBLEMS WITH OUR WATER, POWER, SEWER, ROADS, PORTS, AND SO ON, HAVE SEVERELY HANDICAPPED EFFORTS IN THE PAST TOWARDS SELF-SUFFICIENCY. IN FACT, OUR CURRENT ECONOMIC BOOM HAS CREATED AN UNUSUAL DILEMMA FOR US BECAUSE OUR INFRASTRUCTURE, BUILT IN THE 1940'S, SIMPLY CANNOT KEEP PACE WITH DEVELOPMENT. WATER RATIONING HAS BEEN A FACT OF LIFE ON SAIPAN FOR MORE THAN 15 YEARS. IT IS ESTIMATED THAT 60% OF OUR WATER NEVER REACHES OUR CONSUMERS DUE TO LEAKY, RUSTY PIPES. OUR ROADS ON SAIPAN AND TINIAN, BUILT BY THE NAVY SEABEES JUST AFTER THE SECOND WORLD WAR, ARE A PATCHWORK OF BUMPY, CRUMBLING PAVEMENT. ON ROTA,

WHERE THERE WAS NO MILITARY PRESENCE, THE MAJOR PORTION OF THE ROAD SYSTEM IS STILL DIRT ROADS.

IN SHORT, OUR GUARANTEED COVENANT FUNDS HAVE NEVER BEEN ENOUGH TO MEET OUR ESSENTIAL NEEDS. WHILE WE ARE DOING MUCH TO MEET THESE CHALLENGES OF UNPRECEDENTED GROWTH BY LEVERAGING OUR CAPITAL DEVELOPMENT FUNDS UNDER A CIP BOND FINANCING STRUCTURE IN CONCERT WITH A SEVEN-YEAR CAPITAL DEVELOPMENT PLAN, WE STILL NEED THE SUPPORT OF THE FEDERAL GOVERNMENT THROUGH "OVERCEILING" APPROPRIATIONS TO HELP SOLVE THESE SERIOUS INFRASTRUCTURE PROBLEMS.

PORT AND HARBOR DEVELOPMENT

WE ARE EXTREMELY GRATEFUL FOR THE U.S. CONGRESS APPROPRIATION OF $10 MILLION TO SUPPLEMENT OUR LOCAL FUNDS FOR THE MUCH-NEEDED SAIPAN PORT AND HARBOR DEVELOPMENT PROJECT. THIS IS BECAUSE OUR PORTS AND HARBORS, WHICH WERE BUILT DURING THE SECOND WORLD WAR, ARE OUR ECONOMIC LIFELINE IN THE ISLANDS.

THE VOLUME OF SHIPPING ACTIVITIES AT THE SAIPAN COMMERCIAL PORT HAVE MORE THAN DOUBLED IN THE PAST THREE YEARS. IT IS COMMON TO SEE THREE OR FOUR SHIPS MOORED OUTSIDE THE HARBOR WAITING FOR THEIR TURN AT THE SAIPAN DOCK. OUR DOCK, HARBOR, AND ON-SHORE WAREHOUSING FACILITIES ARE TOO SMALL, TOO OLD, AND TOO OBSOLETE, AND HAVE BECOME A BOTTLENECK TO COMMERCE AND DEVELOPMENT IN THE COMMONWEALTH.

TO HELP SOLVE THIS PROBLEM, WE HAVE EARMARKED ABOUT $13 MILLION OF OUR LOCAL CIP BOND FUNDS TO SUPPLEMENT THE $10 MILLION FEDERAL APPROPRIATION. WE EXPECT THE TOTAL SAIPAN PORT AND HARBOR DEVELOPMENT COSTS, FOR BOTH ON-SHORE AND OFF-SHORE CONSTRUCTION AND IMPROVEMENTS, TO BE ABOUT $52 MILLION. WE HAVE A SHORTFALL OF ABOUT $28 MILLION. IF BOTH THE ON-SHORE AND OFF-SHORE IMPROVEMENTS CAN BE COMPLETED AS A SINGLE PROJECT INSTEAD OF IN SEVERAL STAGES, OUR COMMONWEALTH PORT AUTHORITY

PLANNERS SAY THAT WE CAN REALIZE A SIGNIFICANT SAVINGS OF APPROXIMATELY $7.5 MILLION. WE, THEREFORE, APPEAL TO THIS CONGRESS TO FURTHER ASSIST US IN THIS ESSENTIAL PORT DEVELOPMENT PROJECT.

TINIAN HARBOR AND BREAKWATER

THE UNITED STATES MILITARY ENJOYS A JOINT-USE AGREEMENT WITH OUR GOVERNMENT FOR USE OF TINIAN'S PORT FACILITIES. TINIAN'S BREAKWATER IS IN AN ADVANCES STAGE OF DETERIORATION AND CAN NO LONGER HOLD OUT THE SEA DURING STORMS WHICH FREQUENT OUR AREA. COMMERIAL AND PRIVATE VESSELS MOORED THERE, INCLUDING A FLEET OF U.S. TUNA BOATS, ARE IN IMMINENT DANGER THERE DURING TROPICAL STORMS AND TYPHOONS.

THE U.S. ARMY CORPS OF ENGINEERS HAS WARNED THAT UNLESS IMMEDIATE REPAIRS ARE MADE TO THE TINIAN HARBOR, AN IMMINENT DANGER EXISTS TO THE DOCK STRUCTURE ITSELF. APPROXIMATELY $4.5 MILLION IS REQUESTED FOR THIS PURPOSE; A MODEST AMOUNT IN VIEW OF THE POTENTIAL DAMAGE THAT COULD RESULT FROM WAVE ACTION OR A TYPHOON.

THE REPAIR AND MAINTENANCE OF THE TINIAN BREAKWATER IS THE RESPONSIBILITY OF THE UNITED STATES GOVERNMENT. SECTIONS 802 AND 803 OF THE COVENANT AND ITS RELATED TECHNICAL AGREEMENT STATES IN PART: "...WHEN THE UNITED STATES UPGRADES THE EXISTING HARBOR, THE (CNMI GOVERNMENT) WILL UPGRADE ITS 600-FT. OF WHARF SPACE OR REIMBURSE THE UNITED STATES FOR HAVING SUCH SERVICES PERFORMED AS PART OF THE UNITED STATES CONSTRUCTION PROJECT...." THEREFORE, WE ASK THIS SUBCOMMITTEE TO PROVIDE URGENTLY NEEDED FUNDING TO FULFULL THIS IMPORTANT CONTRACTUAL OBLIGATION. FUNDS SHOULD BE IMMEDIATELY EARMARKED FOR THE PLANNING AND DESIGN TO MAKE THE TINIAN HARBOR FACILITY A SAFE PORT-OF-CALL FOR PRIVATE, COMMERCIAL, AND MILITARY VESSELS.

ROADS

NEARLY ALL OUR PRIMARY ROADS ON SAIPAN AND TINIAN WERE BUILT BY THE MILITARY DURING THE SECOND WORLD WAR. TODAY, TO THE DISMAY OF OUR LOCAL RESIDENTS AND THE 245,000 TOURISTS THAT VISITED THE NORTHERN MARIANAS LAST YEAR, THESE ROADS ARE EXTREMELY DILAPIDATED, ALMOST BEYOND REPAIR, AND OVERBURDENED BY AN EVER-INCREASING AMOUNT OF HEAVY TRAFFIC.

IT IS DIFFICULT TO DEVELOP OUR ISLAND AND EXPAND OUR ECONOMY UNLESS WE CAN READILY TRANSPORT PEOPLE AND GOODS TO SUPPORT OUR GROWING VISITORS AND SERVICE INDUSTRIES.

DUE TO COMPETING PRIORITIES, WE HAVE BEEN ABLE TO EARMARK ONLY $5.7 MILLION IN LOCAL FUNDING FOR ROAD CONSTRUCTION AND IMPROVEMENTS, WHICH IS GROSSLY INSUFFICIENT IN VIEW OF OUR PRESSING NEEDS. AS SUCH, WE REQUEST AN OVERCEILING APPROPRIATION OF APPROXIMATELY $20 MILLION TO BE USED AS FOLLOWS: $12 MILLION FOR SAIPAN; $6 MILLION FOR ROTA; AND $2 MILLION FOR TINIAN.

WATER AND SEWER

RAPID ECONOMIC DEVELOPMENT IN RECENT YEARS HAS PLACED A SEVERE STRAIN ON OUR ALREADY OVERBURDENED WATER SUPPLY AND DELIVERY SYSTEMS. AS PREVIOUSLY MENTIONED, WATER HAS BEEN RATIONED ON SAIPAN FOR MORE THAN 15 YEARS. IT IS ESTIMATED THAT 60% OF THE WATER BROUGHT UP NEVER REACHES THE CONSUMER. SIX OF EVERY TEN GALLONS OF WATER PUMPED ON SAIPAN ARE LOST BACK INTO THE GROUND BECAUSE OF CLOGGED AND LEAKING PIPES THROUGHOUT THE TRANSMISSION SYSTEM. THE EFFECT OF SUCH UNFORTUNATE PROBLEMS CONTINUES TO AFFECT THE SANITATION AND WELL-BEING OF OUR PEOPLE, INCLUDING THE HEALTH OF OUR VISITORS.

WHILE WE HAVE EARMARKED $19 MILLION OF OUR LOCAL CAPITAL DEVELOPMENT BOND FUNDS FOR THE NEXT SEVEN YEAR PERIOD FOR WATER IMPROVEMENTS FOR OUR MAJOR ISLANDS OF SAIPAN, TINIAN AND ROTA, WE DESPERATELY NEED A OVERCEILING FUNDING AND TECHNICAL

ASSISTANCE TO HELP US IMPROVE THE QUALITY SAIPAN'S WATER AND SUPPLY SYSTEM. WE MUST MAKE EVERY EFFORT TO MEET MINIMUM U.S. PUBLIC HEALTH STANDARDS FOR SAFE DRINKING WATER FOR OUR PEOPLE AS SOON AS POSSIBLE.

SINCE WE ARE DEPENDENT SO MUCH ON WATER FROM OUR PRECIOUS AQUIFERS, IT IS ALSO IMPORTANT THAT ADEQUATE SEWAGE SYSTEMS BE BUILT AND PROPERLY MAINTAINED SO WE DO NOT POLLUTE OUR IRREPLACEABLE GROUNDWATER SUPPLIES, BEACHES, LAGOONS AND OFFSHORE AREAS.

WE FURTHER APPEAL TO THIS CONGRESS FOR ASSISTANCE IN HELPING US FUND THIS VERY IMPORTANT ASPECT OF OUR INFRASTRUCTURE DEVELOPMENT --- OUR ESSENTIAL WATER SUPPLY.

AMERICAN MEMORIAL PARK

1989 MARKS THE 45TH ANNIVERSARY OF THE BATTLE FOR SAIPAN. YET, NO FITTING MEMORIAL EXISTS FOR THE 3,426 BRAVE AMERICAN SOLDIERS, MARINES, SAILORS, AND AIRMEN WHO GAVE THEIR LIVES FOR OUR FREEDOM. CERTAINLY, THEY DESERVE THE UTMOST HONOR AND PRAISE FROM ALL OF US.

ON SAIPAN TODAY, NUMEROUS MEMORIALS HAVE BEEN BUILT TO HONOR THE JAPANESE, OKINAWAN, AND KOREANS WHO DIED DURING THE WAR. IT IS A SHAME THAT THIS GREAT AND MIGHTY NATION HAS DONE LITTLE TO HONOR ITS FALLEN HEROES.

U.S. PUBLIC LAW 95-348 AUTHORIZED $3 MILLION TO BE APPROPRIATED "....TO DEVELOP, MAINTAIN AND ADMINISTER THE EXISTING AMERICAN MEMORIAL PARK....FOR THE PRIMARY PURPOSE OF HONORING THE DEAD IN THE WORKD WAR II MARIANA ISLANDS CAMPAIGN."

A PARK DEVELOPMENT PLAN FOR THIS IMPORTANT BEACH SITE ALSO INCLUDES A PERFORMING ARTS AND CULTURAL CENTER. THE TOTAL PARK DEVELOPMENT IS EXPECTED TO COST APPROXIMATELY $16 MILLION. WE NOW ASK FOR THE SUPPORT OF YOUR SUBCOMMITTEE FOR THIS $3 MILLION

OVERCEILING APPROPRIATION IN FISCAL YEAR 1990 TO FUND THE FIRST PHASE OF THIS DEVELOPMENT.

IN ADDITION, TO EXPEDITE THE DEVELOPMENT OF THE AMERICAN MEMORIAL PARK, WE FEEL OUR COMMONWEALTH GOVERNMENT SHOULD ASSUME LOCAL RESPONSIBILITY FOR THIS PROJECT, IN COORDINATION WITH THE U.S. NATIONAL PARK SERVICE. THIS CONGRESS, THEREFORE, SHOULD CONSIDER TRANSFERRING ADMINISTRATION OF THE PARK TO OUR COMMONWEALTH GOVERNMENT.

THIRD COUNTRY ASSISTANCE

DUE TO OUR RAPIDLY GROWING VISITORS INDUSTRY, OUR SAIPAN INTERNATIONAL AIRPORT DESPARATELY NEEDS A CONTROL TOWER. LAST YEAR, FOR EXAMPLE, APPROXIMATELY 245,000 VISITORS CAME TO OUR ISLANDS. OF THESE, ABOUT 80% CAME IN DIRECT FLIGHTS FROM JAPAN. WITH HUNDREDS OF HOTEL ROOMS CURRENTLY UNDER CONSTRUCTION, AND MORE HOTELS IN THE PLANNING STAGES, THIS TREND WILL UNDOUBTEDLY ACCELERATE IN THE FUTURE.

IN VIEW OF THESE DEVELOPMENTS, THE GOVERNMENT OF JAPAN HAS OFFERED TO CONSTRUCT A CONTROL TOWER AT THE SAIPAN INTERNATIONAL AIRPORT TO HANDLE THE EVER-INCREASING VOLUME OF TRAFFIC. OUR COMMONWEALTH GOVERNMENT, OF COURSE, WELCOMES SUCH GENEROSITY. HOWEVER, THE UNITED STATES HAS NOT CLEARED THE WAY FOR THIS THIRD COUNTRY ASSISTANCE. WE, THEREFORE, RESPECTFULLY REQUEST YOUR DISTINGUISHED SUBCOMMITTEE TO EITHER HELP CLEAR THE WAY FOR OUR GOVERNMENT TO ACCEPT THIS ASSISTANCE FROM JAPAN, OR PROVIDE THE FUNDING FROM THE FEDERAL GOVERNMENT TO ACCOMPLISH THIS GOAL.

IN ADDITION TO THE HEAVY INCREASE IN ACTIVITY BY COMMERCIAL JET CARRIERS AT THE SAIPAN AIRPORT, THERE HAS ALSO BEEN AN INCREASE IN MILITARY TRAINING EXERCISES IN AND AROUND THE AIRPORT. ON SEVERAL OCCASIONS, POTENTIALLY DANGEROUS AIR TRAFFIC INCIDENTS HAVE OCCURED.

IF WE EXPERIENCE ONE SUCH ACCIDENT AT THE SAIPAN AIRPORT, WE WOULD BE BURDENED WITH THE REPUTATION OF BEING AN UNSAFE AIRPORT. NOT HAVING A AIR TRAFFIC CONTROL TOWER AT THE SAIPAN INTERNATIONAL AIRPORT IS A HAZARD TO THE SAFETY OF OUR LOCAL PEOPLE AND TO THE 245,000 TOURISTS WHO VISITED OUR ISLANDS LAST YEAR. THIS MUST BE OUR PRIMARY CONCERN. FURTHERMORE, ANY REDUCTION IN THE NUMBER OF VISITORS TO OUR ISLANDS AS A RESULT OF NOT HAVING A CONTROL TOWER COULD BE DISASTROUS TO OUR ECONOMY.

TAXABILITY OF THE MARIANAS HOUSE IN WASHINGTON, D.C.

LAST YEAR THE DISTRICT OF COLUMBIA GOVERNMENT INFORMED OUR COMMONWEALTH GOVERNMENT THAT IT WAS SEEKING TO COLLECT PROPERTY TAXES TOTALLING OVER $32,000 ON OUR WASHINGTON OFFICE DATING BACK TO 1983. WE IMMEDIATELY ASKED THE DISTRICT GOVERNMENT TO REVIEW ITS DECISION. WE TOOK THE POSITION THAT WE SHOULD NOT BE TAXED IN ANY WAY BECAUSE WE WERE NOT PART OF THE UNITED STATES WHEN THE PROPERTY WAS PURCHASED.

ON DECEMBER 30, 1988, THE DISTRICT GOVERNMENT CONCEDED TO OUR CLAIM THAT WE WERE A FOREIGN GOVERNMENT PRIOR TO THE TERMINATION OF THE UNITED NATIONS TRUSTEESHIP ON NOVEMBER 3, 1986, AND DROPPED ITS DEMANDS FOR BACK PROPERTY TAXES UP TO JUNE 30, 1987. MEANWHILE, OUR TAX STATUS FOLLOWING THAT DATE IS STILL UNDER REVIEW.

MR. CHAIRMAN, WE ASK YOUR SUBCOMMITTEE TO ASSIST US IN OBTAINING TAX-FREE STATUS FOR OUR MARIANAS HOUSE. WE FEEL THAT THE OFFICES OF ALL NON-VOTING REPRESENTATIVES TO THE UNITED STATES IN WASHINGTON, D.C., SHOULD BE ACCORDED WITH THIS PRIVILEGE.

IMMIGRATION PROBLEMS FROM FREELY ASSOCIATED STATES OF MICRONESIA

WHILE OUR COMMONWEALTH HAS RETAINED THE RIGHT TO CONTROL IMMIGRATION UNDER OUR COVENANT, EFFORTS TO REDUCE THE STRESS ON

OUR INFRASTRUCTURE AND GOVERNMENT SERVICES HAS BEEN COMPLICATED BY A GROWING INFLUX OF MICRONESIANS FROM THE OTHER FORMER TRUST TERRITORY ISLANDS.

THE COMPACTS OF FREE ASSOCIATION BETWEEN THE UNITED STATES, THE FEDERATED STATES OF MICRONESIA, AND THE MARSHALL ISLANDS, AND THE PROPOSED PALAU COMPACT, GUARANTEES OUR BROTHER AND SISTER MICRONESIANS FREE ACCESS TO ANY PART OF THE U.S. INCLUDING THE NORTHERN MARIANAS. WE, HOWEVER, WERE NEVER CONSULTED REGARDING SUCH FREE TRAVEL PROVISIONS. TODAY, THE PEOPLE OF THE NORTHERN MARIANAS ARE PAYING THE PRICE.

MR. CHAIRMAN, WE DO NOT BLAME THESE PEOPLE FOR COMING TO OUR ISLANDS FOR BETTER PAYING JOBS, SOCIAL PROGRAMS SUCH AS LOW-INCOME HOUSING, FOOD STAMPS, AND SO ON. HOWEVER, THE SOCIAL AND FINANCIAL BURDEN ON OUR HOSPITALS, LOW-COST HOUSING AREAS, OVERCROWDED SCHOOLS, PUBLIC SAFETY SERVICES, ETC., HAVE YET TO BE DETERMINED.

FOR THE RECORD, U.S. PUBLIC LAW 99-239 DIRECTS THE PRESIDENT OF THE UNITED STATES TO ANNUALLY REPORT TO THIS CONGRESS REGARDING THE IMPACT OF THE COMPACTS OF FREE ASSOCIATION IN THE NORTHERN MARIANAS. THIS LAW REQUIRES THE REPORT TO PAY SPECIAL ATTENTION TO MATTERS SUCH AS TRADE, TAXATION, IMMIGRATION, LABOR LAWS, MINIMUM WAGES, SOCIAL SYSTEMS, INFRASTRUCTURE, AND ENVIRONMENTAL REGULATION. REGARDING IMMIGRATION IN PARTICULAR, THE LAW REQUIRES THE REPORTS TO INCLUDE STATISTICS CONCERNING THE NUMBER OF PERSONS THAT ESTABLISH RESIDENCE AND ENGAGE IN OCCUPATIONS IN OUR COMMONWEALTH. THE LAW ALSO AUTHORIZES THIS CONGRESS TO APPROPRIATE FUNDS TO REMUNERATE THE NORTHERN MARIANAS, AS WELL AS GUAM AND HAWAII, FOR COSTS INCURRED "....RESULTING FROM ANY INCREASED DEMANDS PLACED ON EDUCATIONAL AND SOCIAL SERVICES BY IMMIGRANTS FROM THE MARSHALL ISLANDS AND THE FEDERATED STATES OF MICRONESIA."

MR. CHAIRMAN, THE PRESIDENT'S FIRST REPORT MANDATED BY THIS LAW IS ABOUT ONE YEAR BEHIND THE TIME FRAME ORIGINALLY ESTABLISHED BY THIS CONGRESS. WE RESPECTFULLY REQUEST THE ASSISTANCE OF YOUR SUBCOMMITTEE TO ENSURE THAT THE FULL INTENT OF THIS LAW IS CARRIED OUT, AND THAT A PROPER ACCOUNTING AND REMUNERATION IS MADE TO OUR COMMONWEALTH GOVERNMENT.

IMMIGRATION POLICY AND NON-RESIDENT ALIEN WORKERS

THE COMMONWEALTH GOVERNMENT HAS BEEN DOING ITS BEST TO ESTABLISH REASONABLE CONTROLS REGARDING NON-RESIDENT ALIEN WORKERS. OUR DESIRE FOR ECONOMIC DEVELOPMENT AND SELF-SUFFICIENCY IS LIMITED BY OUR CAPACITY TO HOST LARGE NUMBERS OF FOREIGN WORKERS IN THE NORTHERN MARIANAS.

OUR LARGE POPULATION OF NON-RESIDENT ALIEN WORKERS RESULTS FROM OUR CURRENT ECONOMIC BOOM, WHICH HAS BROUGHT APPROXIMATELY 17,000 WORKERS TO OUR ISLANDS TO WORK PRIMARILY IN THE AREAS OF CONSTRUCTION, TOURISM, AND DOMESTIC SERVICE.

THE FACT IS THAT WE SIMPLY DO NOT HAVE ENOUGH SKILLED LOCAL LABOR TO MEET THE DEMANDS OF OUR EXPANDING ECONOMY. AT THE SAME TIME, WE ARE MODIFYING OUR LAWS AND CREATING MORE PROGRAMS TO TRAIN AND PLACE MORE OF OUR OWN PEOPLE IN POSITIONS NOW HELD BY FOREIGN LABORERS AND OUTSIDE TECHNICAL PEOPLE. WE HAVE RECENTLY ENACTED LAWS WHICH RESERVE CERTAIN TYPES OF POSITIONS SUCH AS BOOKKEEPERS, STORE CLERKS, TAXI DRIVERS, TO LOCAL PEOPLE, AND EXCLUDE FOREIGNERS FROM THOSE SAME POSITIONS. WE HAVE ENACTED LAWS RESTRICTING THE NUMBER OF DEPENDENTS THAT CAN FOLLOW ALIENS TO THE NORTHERN MARIANAS. IN THIS CONNECTION, SOME OF OUR WELL-INTENDED EFFORTS TO CONTROL THIS INFLUX HAVE BEEN FRUSTRATED BY THE COURTS. WE CONSIDER LOCAL CONTROL OVER IMMIGRATION POLICY TO BE ONE OF OUR ESSENTIAL SELF-GOVERNMENT ISSUES. IT IS IMPERATIVE THAT THIS BE ACCOMPLISHED AS THE FRAMERS OF OUR COMMONWEALTH COVENANT INTENDED.

NORTHERN MARIANAS COLLEGE

THE DOOR FOR TECHNICAL ASSISTANCE FROM THE FEDERAL GOVERNMENT FOR THE NORTHERN MARIANAS COLLEGE WAS OPENED WHEN THE COLLEGE WAS AWARDED LAND GRANT STATUS SEVERAL YEARS AGO. HOWEVER, THE COLLEGE IS STILL WAITING FOR THIS CONGRESS TO APPROPRIATE THE $3 MILLION FOR OUR LAND GRANT ENDOWMENT.

IF THIS LONG-AWAITED REQUEST CAN BE APPROVED BY YOUR SUBCOMMITTEE AND THE FULL CONGRESS, THE COLLEGE WILL BE ABLE TO LEND DIRECT ASSISTANCE TO OUR LOCAL FARMERS IN EXPANDING THE AGRICULTURAL SECTOR OF OUR ECONOMY. THIS IS ESPECIALLY IMPORTANT NOW THAT OUR LOCAL VISITORS INDUSTRY IS BOOMING, WITH AN INCREASING NUMBERS OF VISITORS EXPECTED EVERY YEAR. WE ARE MOST FORTUNATE TO FINALLY HAVE A VAST LOCAL MARKET FOR OUR LOCALLY PRODUCED FRUITS AND VEGETABLES. WE RESPECTFULLY REQUEST YOUR SUPPORT IN OBTAINING THIS IMPORTANT LAND GRANT ENDOWMENT.

FEDERAL BUILDING

OUR YOUNG COMMONWEALTH NEEDS A PROPER GOVERNMENT BUILDING TO HOUSE THE OFFICES OF THE VARIOUS FEDERAL AGENCIES THAT ARE NOW LOCATED IN THE NORTHERN MARIANAS.

FOR EXAMPLE, MOST FEDERAL OFFICES THAT ARE NOW IN THE COMMONWEALTH OF THE NORTHERN MARIANAS ARE IN A BUILDING OWNED BY THE REPUBLIC OF NAURU. THEY INCLUDE: THE U.S. DISTRICT COURT, THE U.S. MARSHALL, THE FARMERS HOME ADMINISTRATION, OFFICE OF THE INSPECTOR GENERAL, THE FIELD REPRESENTATIVE OF THE DEPARTMENT OF INTERIOR, THE SOCIAL SECURITY ADMINISTRATION, AND THE U.S. ATTORNEY'S OFFICE OF THE DEPARTMENT OF JUSTICE.

TO CONSOLIDATE THESE OFFICES, IN ADDITION TO OTHER FEDERAL AGENCIES SUCH AS THE NATIONAL PARK SERVICE, U.S. POST OFFICE, AND OTHERS THAT MAY BE ESTABLISHED IN THE NORTHERN MARIANAS IN THE FUTURE, WOULD SERVE AS A FITTING REMINDER OF THE RELATIONSHIP THAT EXISTS BETWEEN OUR TWO GOVERNMENTS.

NUCLEAR WASTE DISPOSAL

THE PEOPLE OF OUR ISLANDS ARE CONCERNED ABOUT THE POSSIBLE DISPOSAL OF NUCLEAR WASTE ANYWHERE IN THE PACIFIC REGION. OUR CONSTITUTION, IN FACT, FORBIDS DUMPING OR STORING NUCLEAR WASTE OR RADIOACTIVE MATERIALS ANYWHERE ON OUR LAND OR IN OUR WATERS.

BECAUSE OF POSSIBLE CONTAMINATION OF THE FOOD CHAIN, WHICH CAN BE CARRIED BY MIGRATORY FISH RIGHT TO OUR DINNER TABLE, WE VIGOROUSLY SUPPORT THE NO-NUCLEAR-WASTE-DUMPING POLICY. WE ASK THAT THE FEDERAL GOVERNMENT TAKE A STRONG STAND ON THIS ISSUE AT EVERY APPROPRIATE INTERNATIONAL FORUM.

MELON FLY ERADICATION

OUR FERTILE ISLANDS, IF FULLY DEVELOPED, CAN PROVIDE US WITH AN ABUNDANCE OF FRUITS, VEGETABLES, AND ROOT CROPS FOR OUR GROWING RESIDENTAL AND TOURIST COMMUNITIES. HOWEVER, THIS POTENTIAL IS THREATENED BY A SERIOUS INFESTATION OF THE MELON FLY, WHICH HAS SPREAD NORTHWARD FROM GUAM THROUGHOUT THE NORTHERN MARIANA ISLANDS.

ABOUT ONE YEAR AGO, EXPERTS FROM THE U.S. DEPARTMENT OF AGRICULTURE IMPLEMENTED A RESEARCH PROGRAM ON THE ISLAND OF ROTA AIMED AT ERADICATING THE MELON FLY. HOWEVER, THE RESULTS TO DATE HAVE NOT BEEN ENCOURAGING. NEEDLESS TO SAY, THIS HAS HAD A NEGATIVE IMPACT ON OUR FARMERS.

THE SOLUTION TO OUR MELON FLY PROBLEM IS TO ATTACK THE PROBLEM SIMULTANEOUSLY ON ALL THE ISLANDS OF THE NORTHERN MARIANAS: SAIPAN, TINIAN, ROTA, THE NORTHERN ISLANDS, AND EVEN THE NEIGHBORING U.S. TERRITORY OF GUAM. APPROXIMATELY $15 MILLION WILL BE REQUIRED FOR THIS PURPOSE. WE ASK THE ASSISTANCE OF YOUR SUBCOMMITTEE AND THE FULL CONGRESS TO PROVIDE AN OVER-CEILING APPROPRIATION FOR THIS URGENTLY NEEDED ERADICATION PROJECT AND PROTECT THE FLEDGING AGRICULTURAL SECTOR IN THE

COMMONWEALTH OF THE NORTHERN MARIANAS AND THE TERRITORY OF GUAM.

ISSUANCE OF SPECIAL POSTAGE STAMP

WE FEEL IT WOULD BE MOST APPROPRIATE FOR THE UNITED STATES POSTAL SERVICE TO ISSUE A SPECIAL COMMEMORATIVE STAMP TO MARK THE FOUNDING OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS. TO DO SO WOULD COMMUNICATE TO EVERYONE IN THE UNITED STATES THAT OUR ISLANDS IN THE FAR WESTERN PACIFIC ARE THE NEWEST MEMBER OF THE AMERICAN POLITICAL FAMILY. WHILE WE ASK THE ASSISTANCE OF YOUR SUBCOMMITTEE TO URGE THE POSTAL SERVICE TO MAKE A SPECIAL COMMEMORATIVE STAMP FOR OUR COMMONWEALTH A REALITY.

CONCLUSION

MR. CHAIRMAN, YOUR SUBCOMMITTEE HAS BEEN VERY RECEPTIVE AND UNDERSTANDING IN THE PAST IN ASSISTING OUR YOUNG COMMONWEALTH GOVERNMENT IN PROVIDING VITAL PUBLIC SERVICES TO OUR PEOPLE. WE ARE MOST APPRECIATIVE OF THIS GOOD WILL AND YOUR CONTINUED SUPPORT AND ATTENTION TO OUR URGENT FINANCIAL NEEDS.

WHILE WE RECOGNIZE THE MANY DEMANDS THAT ARE PLACED ON THIS CONGRESS IN LEADING THIS GREAT NATION, IT IS OUR SINCERE HOPE THAT YOU WILL ACCOMMODATE OUR SPECIAL NEEDS WHICH ARE SO IMPORTANT TO OUR CONTINUED GROWTH AND DEVELOPMENT.

ON BEHALF OF THE SIXTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE, AND ALL THE PEOPLE OF OUR ISLANDS, IT HAS BEEN OUR PLEASURE AND PRIVILEGE TO OFFER THIS TESTIMONY TO YOUR DISTINGUISHED SUBCOMMITTEE.

AS WE SAY IN THE ISLANDS OF THE NORTHERN MARIANAS, THANK YOU AND "SI YUUS MAASE."

INTRODUCTION OF ASSOCIATES

Mr. TENORIO. Thank you, Mr. Chairman.

Before I begin, I would also like to introduce several other members of the legislature: To my immediate left is the president of the Senate, Mr. Benjamin Manglona.

Senator JOHNSTON. Mr. President, glad to have you.

Mr. TENORIO. And the Speaker of the House of Representatives, Mr. Pedro R. Guerrero.

Senator JOHNSTON. Mr. Speaker.

Mr. TENORIO. We are also accompanied by the vice president of the Senate, Mr. Jose Mafnas, who is in the audience here, Senator Juan Babauta, and Congressman Fereran from the House of Representatives.

Also, we have our planning and budget officer, James Ripple, and Frank Rosario.

Mr. Chairman, we have submitted our comprehensive statement for the record, and I just want to summarize very briefly what is in it.

Essentially, we are here to testify in support of the previous authorization for appropriation of funds under the Public Law 99-396, the so-called Special Representatives Agreement, providing for 7-year funds for the commonwealth.

SEVEN-YEAR PLAN

I also want to report to you that we have completed our 7-year comprehensive capital development plan, and this plan is being used to guide the various types of project implementation in the capital improvement programs throughout the commonwealth.

This is our fifth year of the 7-year financial agreement, and we have allocated all of the 7-year capital resources in the plan. We want to thank the committee for its support in the appropriation of the $10 million for the shoreside facilities of the Saipan Harbor. We are requesting, Mr. Chairman, if it's possible, to provide additional funding for the onshore improvement to complete the construction package which is now being prepared by the commonwealth port authority.

We are embarking on a major capital improvement program in the areas of power and water as well as sewer. This year we are contracting out approximately $16 million for water improvement, about $40 to $50 million of power projects inclusive of power generation, power distribution, and power transmission.

We hope, Mr. Chairman, that our request this year at least will be used as the record. We know how tight the Federal budget is, and we don't want to be hopeful of requesting something that is beyond the capability of the Federal Government.

BUDGET NEEDS

We do want to place on the record that we have other unmet needs that were not budgeted for in the 7-year financial assistance program. At the same time, I would also like to again bring out the need for the funding of the authorized amount of $2 million for the American memorial park. We have been coming to this committee

for the last, I believe, 9 years, Mr. Chairman, requesting for an appropriation of $3 million for the development of the American memorial park, which is part of the covenant agreement that was entered into between the U.S. Government and the Northern Marianas.

We want to develop the park because we think it's a good symbol for the American presence there. Not only that, we want to fulfill the commitment under our covenant to provide for a living memorial to honor those who died during the war, both American soldiers as well as natives of the commonwealth.

These are the highlights of our presentation, Mr. Chairman, and I would be very happy to answer any questions that you may have.

Thank you.

BUDGET SITUATION

Senator JOHNSTON. Governor, thank you very much. As you have heard, we are very tight on money. We stretched last year for the $10 million for your port and dock, as you know, we had a tough time getting that through the House, but we did, and that was a great victory. But we cannot count on those kind of additions every year or maybe even ever again because we have $126 million in capital improvement funds through 1992.

The good news is that the Northern Marianas are doing very well. Your hotels are beautiful. Your occupancy rates are up. The island is just, well, Saipan is a terrific tourist island and, I think, can only go up at an exponential rate because it is so attractive.

TAX EXEMPTIONS

But in the process of that, I think the same comments that I made to Guam apply to the Northern Marianas, and that is that you have to look to self-funding. You're going to have to look to those exemptions which you have for the hotels there. I forget what the amount is, but it's a tremendous amount of exemptions for those hotels.

I cannot see any particular reason for those. I invite you to send in writing justifications for that. Of course, you are free to do it or not do it, but when you ask for additional funding and we see these big exemptions for these hotels doing very well, we think that you ought to be able to do it on your own.

Second, with respect to your utilities, we note that you had an operating loss of $12.9 million and $12 million for fiscal year 1988 for the utilities and the health center. I think there ought to be a plan executed to get full cost recovery on those things.

So, again, our policy has got to be to have those that have the wherewithal to help themselves simply have got to do it. I mean we are just out of money and have more requests than we can possibly say grace over.

ALIEN LABOR

Let me ask you one more question. You do have a considerable part of your work force made up of alien labor. Do you know how many aliens are in CNMI?

Mr. TENORIO. Approximately 14,000 to 15,000 aliens. This is altogether, inclusive of dependents that are also there accompanying the families, Mr. Chairman.

Senator JOHNSTON. What steps have you taken to eliminate this dependence on alien labor?

Mr. TENORIO. We are now working with the legislature to come up with some more stringent alien importation, alien workers need, to be able to control the number, not only the number from the primary workers but also from dependents.

We are also trying to find other ways to provide training programs for our local people to be able to take on some of these jobs that are now being covered by alien workers.

One thing, Mr. Chairman, that I want to share with you is that inasmuch as we want to limit the number of alien workers coming in, because of the dramatic growth that the islands are experiencing, in the areas of construction, for example, in the areas of tourism, it is very difficult for us to try to meet that requirement through our own labor force because we have a small population. The population base is about 22,000 local inhabitants that are there, and the rate the island is growing in the area of tourism and construction is quite unrealistic to assume that we can get rid of the problem completely.

We are trying what we can to regulate them through enactment of legislation, controlling the number of years that they can stay on, even to the extent of trying to separate the members of the family from the wage earners, so that these people will not bring their family in and those that have their families now, the legislature has been working hard to try to separate them.

But we are having very strong resistance from the local interest group that think that the legislature is not doing a human job of separating the aliens. But we are trying what we can. We recognize the problem, and we know it is going to be a potentially serious problem because other aspects of the population might be affected.

Let me just add another thing for the record, Mr. Chairman. The Northern Marianas does not have an extension on exemptions, unlike the reference you were making about Guam. We tax them, and we don't provide any kind of incentive toward qualifying certificates for them to come in. They come in on their own.

As a matter of fact, we require that when they come in to construct the hotels as part of the tourism activities, we tell them to bring their own power and to manufacture and distill their own water. We are now to the point where we are even looking into the possibility of enacting legislation imposing impact fees on these developers. So, the infrastructure requirement for tourism activities is somewhat minimal over the past couple of years because of the new policies that we implemented requiring them to bring in their own water and their own power.

We also require them to hire as many local people and to train local people as part of the obligation on the part of the foreign investors.

Senator JOHNSTON. Well, I know you do that. I said you had exemptions. Really what I meant was they don't appear to be paying their fair share of infrastructure costs.

Now, in New Orleans, for example, they have a hotel/motel tax specific in that case for the domed stadium, the idea being that the domed stadium enhances tourism and that they ought to pay. You might consider that same kind of a tax for infrastructure because the hotel's impact fee is the same thing, same idea but those who cause the impact should pay the cost and they have the ability to pay.

So, I hope you will look at that because we want to be sure that you are doing everything you can for yourself before we ration out our scarce dollars to you.

Thank you very much.

LOCALLY FUNDED CAPITAL IMPROVEMENTS

Mr. TENORIO. Let me also add one more thing, Mr. Chairman. That is that we are now expending some of our locally generated revenue for small capital improvement programs. I know that we have a question to be answered in writing. I just want to assure your committee that we are spending now approximately $200,000 to $300,000 for the last 2 years for small capital improvement program out of our locally generated funds.

Thank you.

Senator JOHNSTON. Thank you very much, gentlemen.

FEDERATED STATES OF MICRONESIA

STATEMENT OF JESSE B. MAREHALAU, RESIDENT REPRESENTATIVE ACCOMPANIED BY DEL PANGELINAN, DIRECTOR OF THE BUDGET

PREPARED STATEMENT

Senator JOHNSTON. Next we have the Federated States of Micronesia, with Jesse Marehalau, accompanied by Del Pangelinan, director of the budget.

Mr. Marehalau, we're glad to have you.

Mr. MAREHALAU. Thank you, Mr. Chairman.

I fully submitted my long statement. Therefore, I will just summarize it.

[The statement follows:]

STATEMENT OF JESSE B. MAREHALAU

Mr. Chairman, Members of the Subcommittee, I am Jesse Marehalau, Federated States of Micronesia Representative to the United States. On behalf of the Federated States of Micronesia, thank you for allowing me the opportunity to express the views of my Government on the President's FY 1990 Budget, and particularly on those budget items which have some implications on our own internal operations and programs.

If I may, I would like to begin my presentation with a word of sincere thanks to the Subcommittee for the actions of Congress in the past year. My Government is aware that without the actions of this Subcommittee, such matters as Micronesian War Claims and Indefinite Land Use would not have been settled.

Another matter for which we wish to thank the Congress, is the restoration of eligibility for Freely Associated States citizens for Pell grants, Supplemental Educational Opportunity Grants and the College Work-Study program. This significant piece of legislation will have a long range impact on the lives of thousands of our young people, and will contribute to the success of Free Association through economic and social development. We view this legislation as an acknowledgement of the commitment of the United States to the goals of the Compact.

The resolution of the preceding problems, however, still leaves other matters which deserve your consideration. Foremost among these are construction of a new campus for the College of Micronesia and the deficiencies of the Five-Year Capital Improvement Program.

As you know, the College of Micronesia system is a broad-based Micronesian institution, with a main campus on Pohnpei and specialized facilities in Palau and the Marshall Islands. The College is a resource for the entire region to which the Governments of the FSM, Palau and the Marshall Islands have all committed their support.

Well over a decade ago, the U.S. Congress enacted legislation authorizing an appropriation of $8 million for the construction of a new campus on Pohnpei for the College of Micronesia. Since that time, the Compact implementation agreement between our two governments pledged the U.S. Administration to seek appropriation of this same funding. Although the architectural and engineering work for the campus was completed more than five years ago, no appropriation has been made.

This is very unfortunate. Many more students throughout the Micronesian region could have pursued college studies had a new facility been put into place when the need was first identified. Instead, the current buildings grow more overcrowded and more run-down. The conditions in which the students must attempt to learn are seriously detracting from the College's ability to perform its mission. As a result, our young people have begun to question the value of a college education acquired at home instead of overseas.

The FSM cannot afford to let this problem continue to get worse. However, due to inflation and higher construction costs in the years that have intervened, it is now unlikely that our initial campus design can be built. Our own resources are too meager, and we cannot expect the United States to bear the cost alone. The FSM has requested its architect to present a new, scaled-back plan that incorporates the essential elements of a new campus in a way that is affordable. The President

of the FSM is asking our Congress for an initial appropriation of $1 million to pay part of the cost of the project. Today, I am asking this Subcommittee to take notice of the history of this request and the commitment of the United States Government to seek funding, and to recommend an appropriation of $8 million so that we may jointly build this much needed facility to serve all of the Freely Associated States. We hope you continue to acknowledge the importance of this project and to sharing the financial burden with us.

Last year, at the request of the United States Senate, the firm of Louis Berger International reported on the state of the TTPI Capital Improvement Program. As this Subcommittee is well aware, the United States' investment into TTPI capital projects in the FSM alone exceeded $215 million.

The report stated that the long term integrity of this United States investment is at risk because of construction deficiencies. $10.2 million is needed in the FSM to bring deficient projects into line with the original scope intended when the U.S. began this expensive program.

Both the U.S. and the FSM have a stake in these infrastructure projects. Beyond protecting the massive commitment of funds, we realize that the success of the FSM in stimulating economic activity in the private sector rests upon having an adequate physical infrastructure in place. Regrettably, the executive budget does not reflect either purpose, as the President seeks no funds to rectify the deficiencies. We trust that this Subcommittee has a clearer sense of immediacy as to what is at stake, and will move to appropriate the funds necessary to ensure that the investment of the United States brings the returns that were first intended.

Mr. Chairman, one of the repeated themes of the Louis Berger deficiency report is the failure to adequately maintain capital projects. This problem is not limited to the FSM; the problem is endemic to the insular areas, and even in parts of the United States. Part of the problem in the islands may be ascribed to the difficulty in maintaining high technology systems that require maintenance standards beyond the technical capacity of the islands. Additionally, general maintenance programs in the islands are inadequately funded due to the difficulty in identifying the required financial resources. This fact cuts across all the insular areas, but the FSM is at an even more serious disadvantage because of the small local economy and the heavy demands for additional infrastructure and other public investment.

The Department of Interior recognizes that the insular areas need assistance in planning and implementing hands-on maintenance of capital projects. The Department has devised a program to develop routine maintenance plans, and has requested $2.5 million for use as matching grants to encourage the implementation of the plans on a sustained basis.

Unfortunately, the Department has earmarked the Maintenance Assistance fund for use solely in the U.S. territories. The Freely Associated States, whose needs for maintenance assistance and training are as great, are to be excluded from this fund.

We, therefore, request your support for a DOI maintenance fund that includes the Freely Associated States and is funded at a level that reflects the needs of all the insular areas.

The FSM appreciates the continuation of the OTIA technical assistance program. The technical assistance program has been very successful in targeting specific administrative and

development needs that local resources cannot fill. We believe, however, that the program should be maintained at its current level and not reduced, as the President proposes.

In fiscal year 1990 the FAS will no longer have access to most of the U.S. federal grants currently available. Since the implementation of the Compact in 1986, the FSM leadership has been carefully reviewing the programs that are directly affected by termination. While we are attempting to assimilate the programs into our regular funding, we do not expect to absorb them at their current operating levels. Most of the affected programs are in education.

Although the Compact provides funding relief for the termination of the grants, the amount provided in Compact section 221(b) is insufficient to keep the programs at the current levels. The termination of these federal education grants will cause a serious shortfall in education funding, resulting in staff lay-offs, and reductions and eliminations in programs. This will be a serious setback to our over-all education program.

To stabilize this situation, the FSM Government has adopted the policy to seek the reinstatement of the Chapter 1 and Chapter 2 programs of the Elementary and Secondary Education Act. We will work with the appropriate committees of Congress and the Administration to address this immediate concern. The FSM is aware, however, that reinstatement of these two programs will not solve all the problems facing FSM schools. So in order to address this serious problem comprehensively, we are, with the assistance of OTIA, undertaking a management assessment study of the educational systems in the FSM. We expect this study to examine the systems from top to bottom, including the questions of how to fund a system that will economically, but thoroughly meet the needs of the FSM. This study should be

the cornerstone of an improved educational system. We hope that this Subcommittee will be open to the recommendations of this report, especially should it find that continued U.S. assistance is both necessary and desirable.

Mr. Chairman, I would also like to raise a matter which relates directly to this Subcommittee's longer term interests regarding the FSM. Thirteen months ago, our Governments signed an agreement to amend the governmental representation provisions of the Compact of Free Association, clarifying the full diplomatic relationship between our two countries. The Government of the FSM has completed its constitutional process of approval of that document, but to date, the United States has not and so the agreement has not been implemented.

Efforts by my Government since Trusteeship termination to obtain formal recognition in the diplomatic community have been seriously hampered by perceptions that the representational arrangements described in the Compact amount to less than full diplomatic recognition of my country by the United States. The agreement will amend the Compact to clarify the original intentions of the parties and remove such misunderstandings. As the FSM's international standing achieves wider recognition, our ability to participate in the work of the community of nations and to receive their assistance grows. This will hasten the day when our need to rely on the long-standing generosity of the United States is no longer so great.

The Senate passed implementing legislation regarding the governmental relations agreement on October 7, 1988, but despite efforts of supporters in the House to complete the process, the bill to which the provision was attached could not be passed. As of now, the provision, which has no known opposition, is currently contained in HJR 175, the Palau Compact

bill. Unfortunately, Mr. Chairman, that joint resolution has encountered many delays, which may well continue. The FSM urgently asks, Mr. Chairman, for the support of individual members of the Subcommittee to place the governmental representation provisions of the bill on another legislative vehicle. The implementation of the new representational arrangements is of vital importance to both of the Freely Associated States.

Thank you for allowing me to address these concerns today. I shall be pleased to answer any questions you may have.

COLLEGE OF MICRONESIA

Mr. MAREHALAU. Mr. Chairman, the Federated States of Micronesia has five issues that it would like call to the attention of the chair.

The first is the College of Micronesia. Second is the Trust Territory, the Pacific Islands CIP deficiencies. The third is the maintenance assistance program proposed by the Department of the Interior. The fourth is the technical assistance program that is going on in the Department of the Interior. And the fifth is the phaseout of the educational Federal program under Public Law 99-239.

As you know, the College of Micronesia is a priority in the Federated States of Micronesia, and we are operating the campus out of some rundown secondhand building left over from the Second World War.

The Federated States of Micronesia would like to request this committee's assistance in making sure that the United States lives up to its pledge, as called for under the enabling act of 1975.

TRUST TERRITORY DEFICIENCIES

The Trust Territory CIP deficiencies, as identified in the budget report, and the FSM deficiencies alone is about $10.2 million. The maintenance assistance programs, as proposed by the Department of the Interior, does not include the Federated States of Micronesia. The Federated States of Micronesia would like to be included in this program, as we do have infrastructures.

TECHNICAL ASSISTANCE

The fourth item, the existing technical assistance from the Department of the Interior, has been going on. It is the understanding of the Federated States of Micronesia that the Department of the Interior plans to reduce this amount.

This technical assistance is very vitally important and vital to the region, and the Federated States of Micronesia would like to see this continue at the current level or last year's level.

PHASE-OUT OF FEDERAL PROGRAMS

The final point that the Federated States of Micronesia has is the phase-out of the Federal programs under Public Law 99–239.

Despite the fact that we have prepared ourselves for this step-down and phase-out, the Federated States of Micronesia feel that we are not ready for the final phase-out, and we would like, with the help of the Department of the Interior to fund the technical assistance program, for us to have an overall education study.

We would like the study to be done, and the results of the study would help us, the Federated States of Micronesia and this committee to identify the needs that need to be addressed. We would like very much if this committee would support that.

Senator JOHNSTON. I thought you were undertaking a comprehensive study of the educational system.

Mr. MAREHALAU. We are, with the help of the Department of the Interior.

CAPITAL PROJECTS

Senator JOHNSTON. Tell me about the maintenance of your capital projects. How is that proceeding?

Mr. MAREHALAU. OK. The capital projects started out, they were not fully funded at all. The maintenance part of it was lacking from the very beginning, and therefore when the FSM takes over, we started from a minus. That's why we would like to have these deficiencies identified by the Berger report, once they are addressed, once they are properly put in place and repaired, then the Federated States of Micronesia will do its best to maintain them within our own limited revenues.

Senator JOHNSTON. Well, I have long been concerned about that because it has been a problem, and, of course, in that climate there is a lot of maintenance that is needed to any machinery. The machinery is put there at great expense, and if not maintained very well, which I think most of it has not been, then you lose that capital expenditure.

I have in mind especially that dam up there, the hydro dam which is, I think, a great success. But I hope you will have people trained to take care of that and other things.

I understand there is a 5-year program on the hydro dam with the Corps of Engineers, and also a contract, I am advised, to train people for maintenance with the corps. Staff just told me about that.

I am very pleased to hear that because the corps, of course, has an excellent program on maintenance and we want to be sure that the training and the personnel are available to do that maintenance.

COMPACT IMPLEMENTATION

Let me ask you one final question. What assessment would you give to compact implementation to date?

Mr. MAREHALAU. It's a working document. It gives room for amendment if it becomes necessary.

Mr. Chairman, if I may, that raises the O&M program that you just mentioned. The study that the Interior is going to be conducting the next few months is a welcome effort in trying to identify our maintenance needs.

What we would like to see and as you mentioned, is some assistance in trying to maintain what we already have. We already identified what the needs are. We know what we need, what kind of maintenance we need in the area of our power plants, water systems.

We are having power outages in the islands just by the amount of money we are trying to put into the upkeep of these facilities. We still can't meet the required amount, the sufficient amount to keep these things operating. As a result, these things are breaking down.

We would like to be included, if possible, in the O&M program proposed by Interior in the budget, which excluded the FSM and the Marshalls. And if possible, to increase that amount so that we can have a real going maintenance program out there to keep these facilities operating.

Senator JOHNSTON. The Department is requesting $2.5 million to do a maintenance program. We would like to make that a mandatory program and a matching program. I think we need that. I think the corps can really give a good direction and good help in that, and I think that, as you suggest, you need some help. I think we need to make it a mandatory program both for the Department of the Interior and a matching program so far as you are concerned.

So, please keep in touch with us on that. We would like to monitor that closely and give you the help that you need, and I think that will be money very well spent both from our standpoint and from yours.

So, thank you for giving us that insight on that, and we will try to make that a reality.

Thank you, gentlemen, very much.

Mr. MAREHALAU. Thank you.

Senator JOHNSTON. Did you bring any shashami with you when you came this time? [Laughter.]

Mr. MAREHALAU. We will wait until after the hearings.

Senator JOHNSTON. We often talk about the great shashami from the FSM that we had.

Mr. MAREHALAU. Come back to Micronesia so that we can have some for you.

Senator JOHNSTON. We would like to very much.

Mr. MAREHALAU. Thank you.

[The following question was not asked at the hearing, but was submitted to the Federated States of Micronesia for response subsequent to the hearing:]

Question. The U.S. investment for capital improvement projects in the Federated States of Micronesia totals $215 million. Because of concern over this investment, funds were provided for a private consulting firm to look into the long-term integrity of the U.S. investment. The report from the consulting firm indicates that on FSM alone, $10.2 million is needed to bring deficient projects into line with the original scope of the project.

Now that we have moved into a Compact status with the FSM, what actions have you taken on future capital improvement projects to ensure that they are not deficient?

Where do you feel the maintenance responsibility rests for these capital improvement projects? The Federal Government or the FSM?

Answer. Each state of the Federated States of Micronesia has assumed control over the management of its capital improvement projects since the Compact came into effect. In assuming the responsibility, the states have taken steps to ensure that the newly constructed infrastructure are built to specification and do not suffer the deficiencies we experienced with some of the TTPI-managed projects. Construction management firms have been hired in some states to oversee the construction of major infrastructure. Qualified engineers have been added to the public works staffs to provide an in-house capability to manage capital improvement projects. In addition, the National Government, through the Division of Construction, also provides professional engineering assistance to the states as needed. Through the above arrangement, the Federated States of Micronesia hopes to manage its capital improvement program more efficiently.

The responsibility of maintaining these capital improvement projects rests with the FSM and the states. The FSM capability to adequately fund and effectively maintain this huge investment or infrastructure is lacking, however. Despite serious efforts to maintain these facilities, local resources and capabilities are inadequate to meet the increasing demand for effective maintenance of the capital improvement projects. The U.S. Government investment alone totals more than $215 million. Under the Compact the infrastructure will increase substantially.

As our local resources are not adequate to carry on an effective maintenance effort, we will seek U.S. Government assistance. We strongly believe that this undertaking should be shared between the FSM and the Federal Government. The economic development objectives of the FSM, to which both countries are jointly committed, cannot be achieved unless the basic infrastructures are effectively in place and maintained appropriately. Only adequate funding and capable management can ensure this.

REPUBLIC OF THE MARSHALL ISLANDS

STATEMENT OF HON. OSCAR DE BRUM, CHIEF SECRETARY

ACCOMPANIED BY:

WILFRED KENDALL, REPRESENTATIVE
JOACHIM SOUMWEI, BUDGET OFFICER
ISHMAEL JOHN, SENATOR
JETON ANJAIN, SENATOR

INTRODUCTION OF RMI OFFICIALS

Senator JOHNSTON. Next, from the Republic of the Marshall Islands, our friend Oscar de Brum, who is chief secretary.

Mr. de Brum, good to see you.

Mr. DE BRUM. Thank you, Mr. Chairman.

As usual, we are very grateful for the opportunity to once again present our comments on the budget, the united budget submitted by the Federal Government. We would also like to bring to you the greetings of the president of our country, the government, and the people of the Marshall Islands.

I would like to introduce the person to my left, the first person to my right, who is the Ambassador Wilfred Kendall; our representative to the U.S. Government; our budget officer, Mr. Soumwei. I also present today, Mr. Chairman, the representatives of the communities of the affected atolls by the nuclear testing of the United States, Senator Ishmael John and his representative, and Senator Jeton Anjain and his representative.

Mr. Chairman, we have submitted two separate reports for this committee. The first one gives our comments on the budget proposed by the administration. The second one is a statement of progress report on the activities of my government during the second Compact of Free Association. I request that these documents be made part of this record, sir.

Senator JOHNSTON. Yes; they will be made part of our files.

Mr. DE BRUM. Thank you, sir.

The main point of the report, Mr. Chairman, is that the relationship of Free Association has brought considerable benefit to the Marshall Islands. The Compacts still enjoy the full support of our public as well as government. The provision of the section 117 of the Compact has brought relief to the people who were harmed by the U.S. nuclear testing program. With the restoration of the sovereignty under the Compact, we are beginning to play a larger diplomatic role in the Pacific region and to beneficial working relationships with other countries of the world.

Our health care system has made improvement. With the help of technical assistance grants from OTIA, which you supported, our education system is now undergoing a careful reevaluation. The investment development fund that was capitalized by section 111 of

the Compact is already contributing to the economic development of the Marshall Islands, with the joint ventures between American and Marshallese partners.

In short, Mr. Chairman, the Compact of Free Association is working as we had intended, building on the strong ties of mutual cooperation that have developed between our countries.

PROBLEM AREAS

Mr. Chairman, we have identified four main problem areas that have become apparent which are not adequately addressed in the administration's budget. These problem areas are:

First, the four atoll health care program; second, the plight of the Rongelap people; third, the shortfall of the section 221 block grant; and, fourth, the deficiencies in the TTPI capital improvement projects.

MEDICAL PROGRAM

Our first concern is with the medical program for the four atoll communities that were directly harmed by the U.S. nuclear testing program. When Congress acted on the Compact legislation, it required the Government of the Marshall Islands to continue to operate this program, medical program, on a significantly smaller budget than the original program established by the Department of the Interior.

For 2 years, we were able to economize and maintain expenditure levels and services. Unfortunately, last November the program ran out of funds for overseas medical referrals for the people of these four communities.

At this time, we are requesting sufficient funding to continue administration of the program on the model established by the U.S. Government. The details of these requests are shown in our testimony for the record.

RONGELAP

The second concern, of course, is the great catastrophe that befell the community of Rongelap after the Robashad accident in 1954, which episode made the people of Rongelap feel unease because of the conflicting reports submitted by various groups of people, let alone the attorneys.

As required by the Compact legislation, my government arranged for a study of the radiological conditions and habitability of the island of Rongelap. The report of this study was submitted to Congress last summer.

We now ask Congress to take steps to resolve the remaining questions regarding the resettlement of Rongelaps, the establishment of a trust fund that will enable the people of this unfortunate community to begin the work of rehabilitating and resettling their homeland.

The concept of a Rongelap trust fund has a great deal of merit, Mr. Chairman, for it will leave the decisionmaking of the people of the Rongelap community and it will help that community develop the capacity to get itself back on its feet.

BLOCK GRANT

Our third concern, as I stated earlier, is the shortfall in the section 221(b) block grant. This annual grant was included in the Compact to offset the loss of Federal grant in programs operated in Micronesia at the time the Compact came into being.

Our problem is that the value of the annual grant was established in the late 1970's, many years before the Compact started. The value of Federal grants to the Marshall Islands at that time more than doubled during the intervening years. We are asking that the annual grant be increased so that it represents a fair replacement value for the program we lost.

Mr. Chairman, I would also note that most of the Federal grant assistance we are now losing had been in the categories of education programs and food services support for the school children. The loss of this funding will hurt a school system that is already too poor.

CAPITAL IMPROVEMENT PROJECTS

Our fourth major concern is the defect in some of the TTPI capital improvements projects that Lewis Berger International identifies in the report to OTIA. We ask that these defects be addressed, and the construction projects that were left incomplete be completed.

This is a summary of the four main concerns of my government, as stated in my written testimony. We look forward to working with this committee, Mr. Chairman, in resolving these issues.

Despite these seriousness of these issues that I have identified, I wish to assure you that the Marshall Islands remain fully committed to the Free Association with your great Nation. The Compact is proving to be a creative framework for the development of the Marshall Islands, and I hope we shall find it to be useful framework for resolving the problem areas that I have spoken about this afternoon.

PREPARED STATEMENTS

Mr. Chairman, I thank you again for the opportunity to appear before you, and if we can answer any questions, we will be very happy to orally or in writing.

[The statements follows:]

STATEMENT OF OSCAR de BRUM

On behalf of President Amata Kabua and the people of the Republic of the Marshall Islands, I wish to thank you for the opportunity to submit testimony on the Fiscal Year 1990 federal budget as it relates to the Republic of the Marshall Islands.

In this statement, I shall reaffirm the unqualified support of my nation for the relationship of free association and I will address certain aspects of the relationship that require strengthening.

It is the view of the people of the Marshall Islands that both your government and our own have endeavored earnestly to make the relationship successful. The financial guarantees of the Compact are serving the Marshall Islands as the solid foundation for its national development. The developmental support and the technical assistance that continue to be available to the Marshall Islands from several federal agencies are already contributing to our progress towards economic self-sufficiency.

I have attached to this statement a report on the activities of my government during Fiscal Year 1988 that was presented last February to the United States House of Representatives Subcommittee on Insular and International Affairs. You will note that the Compact has brought benefits to nearly every aspect of the public services of the Government of the Republic of the Marshall Islands. Compact funding is being used for the purposes intended: for essential public services and national development, for health and education programs, and for special programs for communications and surveillance. Management decisions are now being made locally, with the result that government services are better attuned to the needs of our citizens. At the same time that we are making a conscious effort to bring economy and efficiency to governmental operations, we are vigorously pursuing developmental projects with the goal of establishing the necessary infrastructure and base of economic activity that will eventually make the Marshall Islands self-sustaining. You will also note that we are living within our means, that we are exercising fiscal responsibility in the pursuit of our developmental goals. Further, you will note that we are meeting the special obligations we assumed under the Compact for administering relief to the people of the Marshall Islands who were harmed by the United States Nuclear Testing Program. The special bond that has been established between the United States and the Marshall Islands is proving successful.

I would like to set before you an example of the cooperative effort that has characterized the Compact relationship. You will recall that Congress inserted Section 111 into U.S. Public Law 99-239 as partial compensation to the freely associated states for certain tax and trade benefits that had been originally included in the Compact and approved in the plebiscites in 1983. As indicated in the attached report, the funding provided by the United States Government, pursuant to Section 111, for the Marshall Islands Investment Development Fund is being used to capitalize a national development bank. This funding has also been used, as intended, to establish joint ventures with the

United States private sector. The developmental federal agencies available to the Marshall Islands under Section 111(a) and the funding of the Investment Development Fund provided under Section 111(b) have enabled the Marshall Islands, with the management assistance of an American partner, to purchase, re-outfit, and operate a purse seine tuna fishing vessel that is now fishing in the waters of the Western Pacific. Financial support for the project was obtained from both the U.S. National Marine Fisheries Service, one of the Section 111(a) agencies, and the Marshall Islands Investment Development Fund. It is altogether proper that the Marshall Islands should glean economic benefit from its ocean resources, and the unique provisions of the Compact have enabled us to do so. We intend to expand upon the success of this first purse seiner and, in cooperation with our American partner, to obtain four additional fishing vessels using the same avenues of financial support that enabled us to obtain the first vessel. In this commercial enterprise, we ask for the full support of this Committee.

Before discussing those areas of the Compact relationship that may require action by this Committee and before commenting on the proposed Fiscal Year 1990 budget as it relates to the Marshall Islands, I must express the sincere gratitude of my nation to the United States Government, and particularly the United States Congress, for the support you have given my new nation. We appreciate the commitment of the Congress to seeing that the new relationship succeeds and flourishes. Throughout the first two years of this relationship, the Congress has responded with compassion and understanding to the transitional difficulties that have arisen. For the current fiscal year, in addition to the permanent indefinite appropriation and program grant assistance assured by the Compact, Congress has approved funding for final payment of Micronesian War Claims, the OTIA program of technical assistance to the flag territories and the freely associated states, the Ebeye causeway project, participation of Micronesian students in the programs of the Close-Up Foundation, and a measure of relief to the people of the islands in the northern part of our nation who were affected by the United States Nuclear Testing Program, including the partial capitalization of the Bikini Resettlement Trust Fund. For your generosity in all of these matters, you have our deep gratitude. We especially thank the Congress for approving funding for a continuation of the environmental studies by the Lawrence Livermore National Laboratory and reinstatement of the whole body counting program, as well as funding for the food and agricultural support program at Enewetak and the Brookhaven National Laboratory medical program for the people of Rongelap and Utrik. We are also grateful to the Congress for extending USDA food support to the communities of Rongelap and Utrik that were exposed to radioactive fallout from the 1954 "Bravo" test.

Fiscal Year 1990 Budget Requests

My government has had an opportunity to review the Fiscal Year 1990 budget that has been submitted to the Congress by the Executive Branch. The Executive Branch has requested the levels of permanent indefinite appropriations and program grant assistance that are assured to the Marshall Islands by the Compact of Free Association. My government is counting on this assistance to cover a significant portion of its operational and developmental expenses next year.

Mr. Chairman, we support the Administration's request.

We are pleased to note that the Administration has included in its proposed budget significant funding for the Bikini Atoll Resettlement Trust Fund. This fund, once it has been fully capitalized, will enable the people of Bikini to protect themselves from the radioactivity that remains trapped in the soil of their homeland--by the application of the preventive technologies that have been developed by the Bikini Atoll Rehabilitation Committee, by the removal of contaminated soil from their lands, and by building up a replacement layer of top soil--and to reconstruct their homes and community facilities.

Aside from the provision of funding for the Bikini Atoll Resettlement Trust Fund authorized by Section 103(l) of U.S. Public Law 99-239 and the remaining amount required for the Marshall Islands Investment Development Fund authorized by Section 111(b) of the same law, the Administration has not requested funding for certain of the unfinished work of the Trust Territory and certain of the assistance assured to the Marshall Islands by the Compact legislation. My government requests that funding for these projects to be added to the Fiscal Year 1990 budget. These additional requests include:

(1) Section 177 Health Care, $16.7 million;

(2) Rongelap Rehabilitation and Resettlement, $10.0 million;

(3) Section 221(b) Block Grant, $4.0 million;

(4) Completion and Repair of TTPI Construction Projects

(a) Majuro Water Catchment Expansion, $710,000

(b) Majuro Dock Rehabilitation, $279,000

(c) Laura Electrical Transmission Line, $505,000

(d) Majuro Hospital, $75,000

(e) Ebeye Wastewater Treatment Plant, $350,000

(f) Ebeye Dock, $3,900,000

(g) Ebeye Hospital, $543,000

(h) Ebeye Road, $600,000

(i) Majuro Road Resurfacing, $1,100,000

(j) Jaluit High School, $3,500,000

(k) Elementary Schools, $6,081,000

(l) Majuro Flush Toilets, $750,000

(m) Operation of Majuro Sewer System, $250,000

(5) Technical Assistance, $3.0 million;

(6) Department of Energy Radiological Health Care Program for Rongelap and Utrik, $1.2 million;

(7)Department of Energy Radiological Monitoring and Scientific Work at Bikini, Enewetak, Rongelap, and Utrik, $4.2 million;

(8)Agricultural and Food Program for Enewetak, $1.1 million;

(9)College of Micronesia School of Nursing, $3.3 million;

(10)Capitol Building, $3.0 million;

(11)Medical Referral Debts, $4.0 million;

(12)Coastal Atlases and Coastal Resource Management Plans for the Marshall Islands, $605,000;

My government sees the need for action by this Committee on several issues relating to the Compact of Free Association. These requests have arisen from the experience of the United States and the Republic of the Marshall Islands during the first two years of the Compact relationship. The first two problem areas pertain to relief for the radiologically impacted communities:

(1)the inadequacy of funding to continue the special health care program required by Section 103(j) of U.S. Public Law 99-239, and

(2)the plight of the Rongelap community.

The other two problem areas have to do with the transition of administrative responsibility from the TTPI Administration to my own government:

(1)the continuation of essential public services that had been financed by categorical federal grant programs, and

(2)the need to correct deficiencies in capital improvement projects undertaken by the TTPI Administration or, in several cases, to finish incomplete projects, as identified in the report of Louis Berger International, Inc.

Section 177 Health Care Program

The Government of the Marshall Islands has found it difficult to maintain the medical services mandated by Section 103(j) of U.S. Public Law 99-239. This law requires my government to continue the special medical services formerly provided by the Four Atoll Health Care Program that was administered by the U.S. Department of the Interior for the four communities in the Marshall Islands most directly impacted by the United States Nuclear Testing Program. The law stipulates that the Government of the Marshall Islands shall finance the successor medical program from the $2,000,000 in proceeds generated annually by the Nuclear Claims Fund pursuant to Section 1(a) of Article II of the Section 177 Agreement. Unfortunately, this amount has proven insufficient for the purpose. Whereas we were able to operate the medical program during the first two years of the Compact relationship within the $2,000,000 annual budget, a number of very expensive medical cases have arisen during the current year, including stretcher evacuations from the outer islands to Majuro and then on to Honolulu and a case of aplastic anemia in a seven year old child which is anticipated to reach $300,000 in treatment costs.

As a result of these very expensive cases, the medical program has stopped overseas medical referrals for the remainder

of the current program year, which ends April 21, 1989. We have also curtailed a walk-in program at our Honolulu medical provider; the walk-in program had enabled persons from the four radiologically-impacted communities to receive free medical treatment while they were in Honolulu and had given them the option of travelling to Honolulu at their own expense for such treatment. Administrators of the current health care program estimated that a grant in the amount of $500,000 would have enabled these overseas programs to be reinstated. Last November my government requested that the Office of Territorial and International Affairs identify and provide this funding. This request was denied.

Without such a grant, it has become impossible for my government to provide certain of the medical services mandated by the Congress. You will recall that the Congress provided the amount of $4,500,000 for the original Four Atoll Health Care Program which operated at full service levels in the Marshall Islands for less than a year before it began discontinuing services in early 1987. At the same time, OTIA allowed each of the four communities to determine its own eligibility criteria. As a result, a precedent was established for providing comprehensive health care to the four communities with no direct control on the enrollment of individuals into the program. When the Congress conveyed this program to the Government of the Marshall Islands, the Four Atoll Health Care Program had already created expectations of high levels of service to a large number of people.

To meet these expectations, my government, in consultation with the four beneficiary communities, established the Section 177 Health Care Program and awarded the contract for administration of the program to Mercy International Health Services, which also administers the Majuro and Ebeye hospitals. Mercy has been able to continue the services established by the earlier program and has done so with commendable economy.

Nevertheless, it soon became apparent to all parties involved--the beneficiaries, the administrators, and my government--that the expenses of catastrophic illnesses could stretch the resources of the program. These parties have been meeting regularly since August 1987 to deal with this possibility. With a view towards economizing, they have examined a number of alternatives to current medical services and they have made several hard decisions to curtail expenses. Representatives of the four communities have taken certain steps to limit access to the program. Perhaps the most difficult problem has been to standardize the eligibility criteria for persons enrolled in the program.

I should note that, while overseas medical referrals have been discontinued, the other medical services of the program have continued to operate without interruption. These basic medical services include: quarterly primary care visits by American physicians to Kili, Enewetak, Mejatto, and Utrik; annual visits to each site by both a dentist and a dental technician; an annual visit to each site by an optometrist; twice yearly visits to each site by a health educator; and a full range of primary and secondary health care at the Majuro and Ebeye hospitals.

When it rejected our request for supplemental funding for the program, the Office of Territorial and International Affairs encouraged my government to reduce the number of beneficiaries or

to limit the scope of medical services. Nevertheless, my government has made an earnest effort to maintain the same levels of services as the predecessor program while operating the program on a significantly smaller budget. We understood that this was what was expected of us by the terms of Section 103(j) of U.S. Public Law 99-239. If we have been mistaken in this regard, we seek clarification from the Congress. If we have correctly understood the intent of Congress to be that we continue the earlier program, then we ask the Congress to provide sufficient funding to maintain previous levels of medical care. Our specific recommendation is that Congress increase the capital of the Nuclear Claims Fund by the amount of $16.7 million in order to generate an additional $1,000,000 in annual proceeds, providing a total of as much as $3,000,000 annually, to meet the expectations of special medical care that were established by the United States Government.

On the next page is a table prepared by the RMI Office of Planning and Statistics showing the projected growth in the enrollment of the program during the remaining years of the Compact relationship. The projections are based on current enrollments of the four beneficiary communities and the nationwide rate of population growth derived from the 1988 census. It is certainly conceivable that, at some time in the future, the amount of $3,000,000 in annual proceeds would not be sufficient for the medical needs for the four communities. However, such an amount would meet the current requirements of the program.

Rongelap Rehabilitation and Resettlement

The people of Rongelap have repeatedly cried out for an assessment of the health risks attendant to restoration of the habitability of their homeland. It was with a commitment to obtain a fully objective review of earlier work by the U.S. Department of Energy (DOE) that my government sponsored the very important scientific review of the Rongelap Reassessment Project, the preliminary scientific study undertaken in compliance with Section 103(i) of U.S. Public Law 99-239. We fervently hope that the follow-up activities recommended by the Project will be pursued in the same spirit of disinterested examination, for we want the people of Rongelap to be absolutely certain of the quality of this scientific work.

We are pleased that the Rongelap Reassessment Project has served, at last, to focus the attention of the United States Government on the sorry plight of the people of Rongelap who were heavily irradiated in the aftermath of the 1954 "Bravo" test at nearby Bikini Atoll.

In the same legislation that required my government to undertake this study, the Congress stated its intention that the United States Government would take such steps as are necessary to restore the habitability of Rongelap and return the Rongelap people to their homeland. My government strongly encourages the Congress to meet this responsibility. We also give our full support to the scientific and technical studies that were recommended by the Rongelap Reassessment Project.

It is the view of my government that continued scientific work, in and of itself, is not a sufficient response to the report of the Rongelap Reassessment Project and the suffering of the Rongelap community. The people of Rongelap want to return to their homeland with confidence about its safety. Any further scientific work must be directed towards this goal and should actively involve the people of Rongelap in planning the

	Bikini Kili Ejit	Enewetak/ Medren/ Ujelang	Rongelap Majetto	Utirik	
1988	1610	1032	2809	3109	(From enrollment list
1989	1680	1076	2931	3244	
1990	1752	1123	3057	3384	
1991	1828	1171	3190	3531	
1992	1907	1223	3328	3684	
1993	1990	1276	3472	3843	
1994	2076	1330	3623	4010	
1995	2166	1389	3780	4183	
1996	2260	1449	3943	4364	
1997	2358	1511	4114	4554	
1998	2460	1577	4292	4751	
1999	2567	1645	4478	4957	
2000	2677	1717	4672	5171	
2001	2793	1791	4875	5395	
2002	2914	1868	5086	5629	

Assuming that average growth rate of 4.24 for Marshall Islands (during the intercensal period 1980-1988) remains the same and holds true for these people.

rehabilitation and resettlement of their traditional homeland. Consistent with the recommendation of the Rongelap Reassessment Project, the follow-up technical study should advise them of appropriate preventative technologies to render Rongelap Island safe to their satisfaction. The appropriation for the new study should be accompanied by funding for a clean-up of Rongelap Island similar to the clean-up and replanting of Eneu Island that was recently completed at Bikini Atoll. The new study should also make recommendations for eliminating the radiological hazards of the other sections of Rongelap Atoll.

By all indications, radiological contamination in the northern portion of Rongelap Atoll is comparable to contamination of the northern portion of Bikini Atoll. It is the position of my government that funding for a comprehensive program of clean-up and resettlement, such as the U.S. Government has provided for Bikini Atoll and Enjebi Island in the northern portion of Enewetak Atoll, should be provided to the people of Rongelap. We recommend that, together with the proposed scientific work, the U.S. Congress provide financial support for the planning and preliminary field work for the staged resettlement of Rongelap Atoll.

In conjunction with any scientific work that will be sponsored by the Congress, we would ask Congress to provide financial support for an independent external review of the studies being undertaken by DOE. I would suggest that an appropriate organizational structure for an independent assessment would be the format of the Bikini Atoll Rehabilitation Committee (BARC), which was established at the request of Congress (House Report 99-450) to report independently on the feasibility and cost of rehabilitating Bikini Atoll. The Government of the Marshall Islands would contract a group of scientists and engineers to conduct necessary research, provide oversight responsibility for DOE studies relating to Rongelap, and coordinate with the Rongelap community in dealing with the entire range of questions regarding the clean-up and resettlement

of that atoll. Inasmuch as, in the past, many members of the Rongelap community have been reluctant to submit to medical studies, coordination with the people of Rongelap will be just as crucial in relation to scientific questions as it will be to planning the resettlement. Strong suspicions have been voiced by spokesmen of the Rongelap community to the effect that the population has been purposely abused by the United States Government for radiation experimentation. The committee I am proposing would work with the Rongelap community in (1)resolving unanswered technical questions, (2)rehabilitating Rongelap Island, and (3)planning additional steps required to decontaminate the rest of the atoll. The committee would regularly report to Congress regarding the funding that would be required for the complete rehabilitation of Rongelap Atoll and its eventual resettlement. We ask this Committee to approve an initial appropriation for these purposes.

As we consider questions of science, let us not lose sight of the people of Rongelap and their wishes. They want to return to their homeland and to feel safe about it. They want to resume their lives without any further risk of radiation exposure. Quite clearly, the solution to their unhappy predicament is to decontaminate their atoll. Their situation is little different from the situations that prevailed among the Bikinians and the people of Enewetak. Unfortunately, the people of Rongelap never found the practical advice and administrative support that became available to the other two Marshallese communities gravely impacted by the U.S. Nuclear Testing Program. The people of Rongelap have not been granted the large sums of resettlement money that were made available to these other communities. Unlike the Bikinians, they have not developed an internal expertise in planning a return to their homeland: their understanding and ability to make informed decisions about resettlement will have to be fostered by the committee I have proposed. In the hope that this appropriation will serve to resolve the hardship and disruption that the people of Rongelap must still endure, my government strongly urges Congress to proceed with the proposed technical work and the rehabilitation of Rongelap Atoll.

An appropriate funding mechanism for administering the rehabilitation, reconstruction, and resettlement of Rongelap would be a trust fund similar to the trust funds recently established by Congress for the resettlement of Bikini and Enjebi. The dollar value of such a fund remains open to negotiation. A useful guide in this regard would be the "Preliminary Plan for the Rehabilitation and Resettlement of Rongelap Atoll" that was prepared last year by Holmes & Narver and the Rongelap Planning Board. An initial appropriation of $10.0 million for Fiscal Year 1990 would enable much of the preliminary work to proceed and it is this amount that we are requesting.

Increase of Section 221(b) Block Grant

It is requested that the special block grant provided annually to the Republic of the Marshall Islands pursuant to Section 221(b) of the Compact of Free Association be increased from $3.0 million to $7.0 million. As elaborated in Article XI of the subsidiary Federal Programs and Services Agreement, the purpose of this provision of the Compact was to offset the loss of categorical federal programs that were in effect in the Marshall Islands prior to the Compact in such categories as health care, social services, community services, education, housing assistance, and supplemental feeding programs.

Unfortunately, the value of the block grant was established in the late 1970's, many years before the Compact came into effect. When the annual award of $3.0 million was determined for the Marshall Islands, it represented a fair replacement value for the programs and services then being received. However, as demonstrated in the table on the next page, funding for many of these programs increased significantly in the years immediately preceding implementation of the Compact. (Note that the amounts shown do not reflect the portion of each grant withheld by TTPI Headquarters for administrative purposes.) This table does not include those programs that will continue to operate in the freely associated states under various special provisions of the Compact.

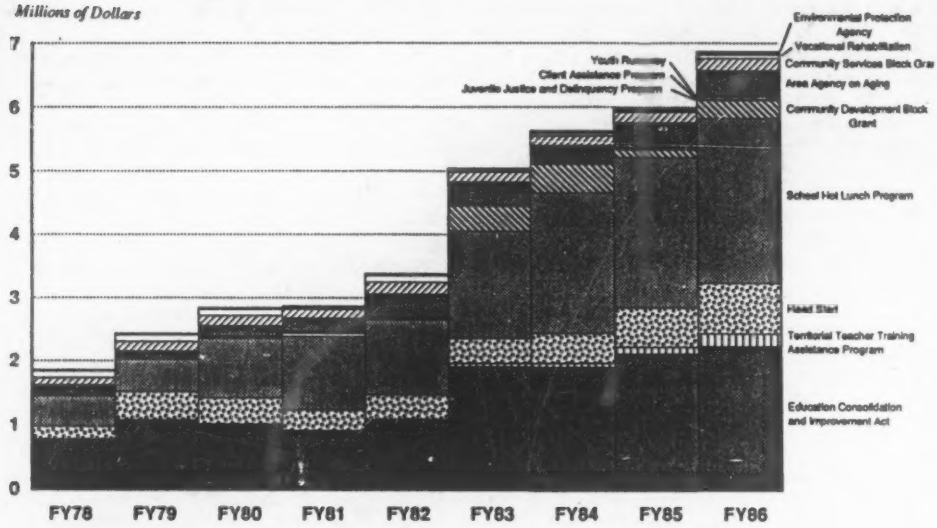
By Fiscal Year 1986, the value of the programs and services to be discontinued under the Compact had reached $6,863,554, well in excess of the $3.0 million that would become available to replace them. The expansion of these programs occurred during the prolonged period of delay when the Compact was negotiated, approved, and brought into effect. The increase in federal grant assistance was due, in part, to encouragement by TTPI Headquarters for us to take full advantage of available programs.

Summarized below are the levels of service that these programs provided in Fiscal Year 1986, the final program year prior to implementation of the Compact.

Education Consolidation and Improvement Act: The Insular Areas Consolidated Grant. Under the terms of the Education Consolidation and Improvement Act of 1981, in order to reduce the administrative burden of many different sets of regulations and procedures, the territories and insular areas have had the option of consolidating the funds available from a broad range of federal education programs into fewer programs. In Fiscal Year 1986, funds from twelve separate programs for library support, handicapped education, vocational education, and adult education were consolidated into Chapter 1 and Chapter 2 programs. Chapter 1 supported the salaries of thirty classroom teacher aides and twelve curriculum specialists; the development and printing of curriculum materials in the basic skills of language, mathematics, and science; the provision of most textbooks, classroom supplies, equipment, and furniture to improve basic skills instruction; the administration of achievement testing; and the renovation and reconstruction of severely dilapidated classrooms as approved by a program waiver. Chapter 2 supported the salaries of twenty-five Special Education teachers, another eight curriculum specialists, and eighty part-time elderly Culture Teachers; the development and printing of curriculum materials in supplemental areas of social studies, health education, and art; the support of an audiovisual Media Center; the provision of additional textbooks, classroom supplies, and equipment; the procurement of equipment and materials for secondary vocational education programs; and programs for staff development and teacher training. In the final years of the TTPI Administration, the dependence of the Ministry of Education on the Consolidated grant had grown to the point that it served as the funding source for nearly half of the operational budget of the elementary and secondary public school system. Private school students also received an equitable portion of federal funding and their schools grew equally dependent on these grants.

Territorial Teacher Training Assistance Program. TTTAP has operated in the Marshall Islands as a direct grant program since 1980 and has been notably successful at achieving its objectives. Prior to the introduction of TTTAP, only a handful of local teachers held an AA degree in general education. TTTAP

THE GROWTH OF U.S. FEDERAL PROGRAM ASSISTANCE IN THE REPUBLIC OF THE MARSHALL ISLANDS



PROGRAM	FY78	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86
Health Services Programs									
Environmental Protection Agency	8,248	16,429	20,573	28,535	39,735	36,521	48,968	44,632	51,722
Vocational Rehabilitation Program	108,000	108,000	108,000	27,000	108,000	21,513	39,059	24,161	65,430
Non-Government Agencies									
Community Services Block Grant	107,826	147,326	173,594	147,000	188,448	151,698	157,116	164,897	200,202
National Center for Appropriate Technology	—	12,430	—	—	—	—	—	—	—
Social Services Programs									
Area Agency on Aging	153,749	90,170	173,633	218,670	359,643	357,607	262,145	336,413	397,041
Youth Runaway Program	—	—	—	—	—	—	7,284	7,200	13,046
Client Assistance Program	—	—	—	—	—	—	—	6,400	5,525
Juvenile Justice and Delinquency Prevention	6,835	11,454	5,775	7,712	40,814	37,769	12,200	48,068	26,000
Community Development Block Grant	—	—	—	60,000	—	390,000	453,300	121,000	275,000
School Hot Lunch Program	472,940	511,203	947,826	1,146,853	1,172,098	1,677,858	2,203,481	2,350,000	2,591,500
Education Programs									
Head Start	189,534	424,827	395,082	323,909	383,686	397,183	474,328	633,126	794,488
Territorial Teacher Training Assistance Program	—	—	—	—	—	61,500	69,400	105,500	208,200
Education Consolidation and Improvement Act	794,262	1,090,526	1,031,217	922,500	1,105,900	1,919,090	1,905,400	2,121,700	2,235,400
TOTAL	1,841,394	2,412,365	2,855,700	2,882,179	3,398,324	5,050,739	5,632,681	5,963,097	6,863,554

NOTES: The values of predecessor federal grant programs are listed where applicable. The table does not include the grant assistance from the U.S. Department of Energy for alternate energy development projects, studies, and conservation, which are assured to the Freely Associated States by Section 221(c) of U.S. Public Law 99-239, but are nonetheless being withheld from the Micronesian nations.

funds have supported the provision of accredited extension courses taught in the Marshall Islands by the University of Hawaii and the University of Guam so that teachers have been able to earn credits towards a Bachelor in Education Degree. By 1987, twelve teachers had achieved this degree. The program has also supported a large portion of the costs of courses provided by the College of Micronesia leading to an Associate of Arts in In-Service Teaching degree, which 349 teachers have been able to earn since 1980. Further, TTTAP has supported the provision of Adult Basic Education classes in English, mathematics, science, and social studies for teachers still working towards a high school diploma. (The number of such teachers has been reduced from sixty in 1980 to thirty-three today.) Finally, TTTAP has supported specialized training for secondary vocational education teachers and funded various noncredit teacher training workshops to upgrade professional skills. It is clear that the program has greatly enhanced the skills of teachers in the Marshall Islands.

Head Start. During the 1985-1986 school year, the program provided comprehensive preschool programs for 850 children. In addition to developmental educational activities, the program furnished immunizations, physical examinations, and health care, as well as helping to meet the children's daily nutritional needs.

Environmental Protection Agency. The RMI Environmental Protection Authority (RMIEPA) was created by the Nitijela in 1984 to preserve and improve the quality of the environment. Until 1987, the Authority was administered jointly with the national Environmental Sanitation office. Thereafter, RMIEPA was established an an independent authority within the Ministry of Health Services. The Authority has ongoing programs in water quality monitoring, earthmoving, public information, solid waste management, and hazardous waste management. The Authority is still in its infancy and relies heavily on the U.S. Environmental Protection Agency for technical assistance.

Vocational Rehabilitation. During Fiscal Year 1986, this program gave medical care, physical therapy, on-the-job training, and continuing education to 245 clients in need of such services.

Community Development Block Grant. During Fiscal Year 1986, pursuant to the 1984 Housing and Community Development Act, the Marshall Islands received CDBG funding from the U.S. Department of Housing and Urban Development for the following projects: (1)rehabilitation of more than twenty-five residential units; (2)construction of the Majuro community center; (3)construction of a youth center; and (4)construction of the Ebeye skills center and tennis courts. In earlier years, CDBG had funded more than twenty community development projects that continue to be used at locations throughout the nation.

School Hot Lunch Program. The USDA School Hot Lunch Program provided breakfasts and lunches at eighty-eight public and private schools throughout the Marshall Islands. The program also assisted with the construction and renovation of cafeterias and school kitchens, conducted nutritional surveys at a number of atolls, supplied storage tanks for drinking water at school sites, dispensed de-worming medicine to school children, and taught workshops on food services management and sanitation for food services personnel. During the 1985-1986 school year, the program provided daily meals to 14,000 students.

Area Agency on Aging. The nutrition component of this project served over 500 older Marshallese daily with congregate meals and home delivered meals. The project also operated a

Geriatric Home Health Program and Homemaker Program that helped meet the health needs of the elderly and especially those sick and frail elderly unable to leave their homes. An Employment Program hired senior citizens to train school children in the traditional customs and crafts of Marshallese society.

Youth Runaway. In 1986 this modest program worked with the problem of teen prostitution. The program contracted a psychological anthropologist to conduct studies of the problem at Majuro and Ebeye. The studies were followed with planning conferences and panel presentations to youth groups. The program provided a link between youths, especially teen prostitutes, and the Family Planning Clinic. The program also produced a weekly newspaper column, Youth Hotline, featuring essays, letters, and cartoons on problems of concern to youth.

Client Assistance Program. This program was started in the Marshall Islands in 1985 to counsel disabled and handicapped persons. The program assists in placing disabled persons on jobs and creating public awareness of the capabilities of handicapped persons. During the first year of operation, twenty-five client applicants were referred to the Vocational Rehabilitation program. Outreach activities enabled the program to serve clients in the outer islands.

Juvenile Justice and Delinquency Prevention. This program provided funding for the Youth Options Center in the urban center in Majuro for recreation and counseling, assisted Juvenile Court referrals, offered basic educational opportunities for school dropouts, and organized recreational sports leagues. Funds from the program will be used to construct a juvenile detention center in Majuro separate from the lockup for adults.

Community Services Block Grant. For a twenty-one year period, this program supported the administration and operation of the Marshalls Community Action Agency (MCAA). During 1986, the local community action agency administered the activities of the Job Training Partnership Act for the Marshall Islands Private Industry Council, including formal vocational instruction at the Skill Center, the Youth Options program, and programs funded by grants of private charitable U.S. foundations. The MCAA Food Production Program provided grants to outer island municipal governments and community groups to hire staff and purchase tools and seeds in order to increase the variety and quantity of food grown in the outer islands. The MCAA Nutrition and Health Education Program conducted on-site workshops and seminars with outer island residents on the topics of maternal and child nutrition, patient and senior citizen nutrition, menu planning and implementation, child and maternal health, community health, sanitation, and hygiene.

The expansion of federal grant assistance was particularly dramatic in the categories of education programs and food services support to school children. Further, it should be noted that, because the grants of the U.S. Department of Education are forward funded, the peak years for federal educational assistance occurred immediately following implementation of the Compact. In Fiscal Year 1988, direct assistance to the Marshall Islands from ECIA Chapter 1 and Chapter 2 programs totaled $3,209,000, while the training moneys available from TTTAP came to $220,000. (The federal education assistance available to the Marshall Islands was also boosted because TTPI Headquarters had formerly withheld as much as $600,000 annually from the Marshall Islands grants.) By Fiscal Year 1988, federal education moneys provided nearly half of the operational budget for the public school system. In the attached report on RMI government operations for the past

year, the section describing the activities of the Ministry of Education clearly demonstrates the that federal support has been central to the education programs of the Marshall Islands--not only in the provision of basic school supplies, but also in the service delivery of specialized education programs, such as programs for handicapped children, the vocational rehabilitation of disabled adults, the employment of elderly cultural teachers, secondary-level vocational education, and the preschool training of the Head Start program, some of which the Marshall Islands may not be able to afford without supplemental financial assistance from the United States Government.

The Government of the Republic of the Marshall Islands continues to endorse the conceptual framework of the Section 221(b) financial assistance: under the Compact of Free Association, instead of continuing the categorical assistance of federal grant programs, an annual block grant is provided to the freely associated states without their being required to accept the programmatic restrictions of the federal agencies. It was recognized by the negotiators of the Compact that certain features of many of the federal programs were inappropriate and unduly restrictive to the developmental needs of the Micronesian nations.

It should be further noted that Section 104(c) of U.S. Public Law 99-658 provided a three-year transitional phasedown for the federal programs not scheduled to be continued under the Compact. This transitional assistance helped maintain an important continuity of public services during the initial stage of the Compact relationship. It has been possible for the Republic of the Marshall Islands to systematically curtail many of the expensive federal programs. (For example, breakfasts are no longer served at the elementary schools of the nation.) At the same time, the Section 221(b) block grant and appropriations of the Nitijela have made it possible for services to continue at acceptable levels. Nevertheless, it has become apparent during this final year of the three-year phasedown that the block grant and local revenues will not be sufficient for my government to maintain existing programs of education and social welfare.

Whereas we had been hesitant to question the sufficiency of the 221(b) block grant in the months before the Compact came into effect, as we had been reluctant to alter other aspects of the agreed-up relationship, for fear of retarding the processes of approval and implementation, we feel that, at the present time, with the Compact well underway, certain shortcomings of the original agreement should be addressed and most especially the shortfall of the 221(b) block grant.

Further, it is the request of my government that, in the future, we shall be able to call upon the expertise of the federal agencies that are now withdrawing their services from the freely associated states. This expertise is a unique asset to our program personnel as they devise appropriate service delivery models for a developing nation. For this reason, we ask that the twelve federal agencies that are now closing out their programs in the freely associated states be instructed to continue to provide technical assistance pursuant to Sections 105(c) and 226 of the Compact. We ask that the Congress require the Secretary of the Interior to issue such instruction to these agencies. The exchanges that have taken place between the experts of these agencies and RMI project officials has proven invaluable. The freely associated states should continue to be provided with the publications of these agencies, continue to be able to call on

the consultants of these agencies for specialized technical assistance and staff training, and continue to be invited to participate in regional and national conferences sponsored by these agencies. Each of these agencies possesses unique resources that are not readily available elsewhere. We feel that it is crucially important that our school system remain well-informed on current developments in educational research and the programs of other school systems in the region and in rural areas of the United States. Similarly, the expertise of the U.S. Environmental Protection Agency will continue to be an irreplaceable resource to our own Environmental Protection Authority in the changing circumstances of the years ahead. Similar arguments can be made for every federal program listed in the table. We would like these programs to continue to assist our young nation in the training of manpower and in the provision of practical, expert advice.

Completion and Repair of TTPI Construction Projects

Under contract with the U.S. Department of the Interior, during February and March of 1988, Louis Berger International, Inc., conducted an evaluation of quality defects in certain of the capital improvement projects that had been undertaken in the final years of the TTPI Administration. Later in the year, the final report of the Berger survey, entitled "Evaluating Quality Defects of Specific Projects", was submitted to the TTPI Office of Transition. The report contains specific recommendations for the improvement of eight such projects within the Marshall Islands. My government is in substantial agreement with the conclusions of the Berger report and we request the Congress, under the authority of the continuing TTPI authorization given in Section 105(c) of U.S. Public Law 99-239, to take action on the recommendations of the Berger report to remedy the defects in these projects.

Although the report correctly identifies most problem areas, my government wishes to point out several problems that are not adequately addressed. These include the need to increase the capacity of the Majuro runway for catching rainwater, the need to resurface the roads in downtown Majuro that have been torn up in recent years for the installation of water and sewer pipes, and the need to complete or rebuild schoolhouses throughout the nation. We are also requesting grants to operate the newly completed Majuro sewer system, provide adequate toilet facilities to the residents of Majuro, and assist my government in establishing procedures for maintaining our major capital infrastructure.

In order to complete the four projects identified by the Berger report for corrective work at Ebeye Island, we are requesting the appropriation of a significantly smaller amount of funding than was recommended by the report. Whereas the report recommends an increased outlay of $14,154,300 for the dock, hospital, road, and sewer system at Ebeye, it is our request that the amount of $5,393,000 be made available for these projects. Officials of the Kwajalein Atoll Development Authority (KADA) have determined that the requested amount will be sufficient to correct the deficiencies.

During the past five years, KADA, working in close cooperation with the Government of the Marshall Islands, the Kwajalein Atoll Local Government, and the people of Kwajalein Atoll, has accomplished considerable improvement in the infrastructure and living conditions at Ebeye. These improvements include the power plant, paved roads, increased water supply from the desalination plant, a new elementary school, and community recreational facilities.

EBEYE DISASTER RECOVERY AND RESETTLEMENT PROGRAM
Funding Sources Overview

FEMA :
Disaster Housing:

Construction	1,583,935	
Contract Admin.	80,000	
		Total FEMA: $1,663,935

RMI :
Disaster Housing:

Construction	142,962	
Contract Admin.	7,150	
Disaster related programs & administration	350,000	
		Total RMI: $ 500,000

KADA:
Disaster Housing:

Design, Planning and other disaster related administration	100,000	
Construction	219,724	
Contract Admin.	10,986	
Field Inspection	35,000	
	$365,710	

Infrastructure:

Engineering	140,000	
Grading and site prep	386,100	
Storm drainage systems	11,630	
Fresh water systems	272,025	
Sanitary sewer systems	287,470	
Salt water sewer systems	304,540	
Electrical distribution system	1,206,500	
Landfill for housing	515,000	
	$ 3,123,265	
		Total KADA: $3,488,975

Possible Grants and Loans for Infrastructure Projects:

EPA $400,000 grant (Sewers and Salt water Systems)
REA $1,200,000 loan (Electrical Distribution)

All of these projects were constructed in accordance with the KADA long-term developmental plan. During the past year, however, the dislocation caused by Tropical Storm Roy and the collapse of the Ebeye dock have overextended the financial resources of KADA. The U.S. Federal Emergency Management Agency (FEMA) has provided invaluable relief assistance and, by July 1989, will have assisted with the construction of seventy-nine replacement homes to accommodate the nearly nine hundred Ebeye residents left homeless by the storm. Approximately four hundred of these people will be relocated to the island of Gugeegue, north of Ebeye, where KADA is currently installing the basic infrastructure of electricity, water, and sewer lines. Even with FEMA providing $1.6 million in construction assistance, KADA has had to dedicate $3.5 million of its own developmental moneys to reconstruction of residences and utility connections. In addition, KADA will dedicate the amount of $3.2 million to construction of a replacement dock. As a result of these

unforeseen circumstances, funding that had been intended for the construction of the causeway, a public high school, and other public projects has had to be reprogrammed for disaster relief and the new dock.

During the past two years, KADA has diligently sought developmental funding from other sources. The U.S. Economic Development Administration has committed to grant $1,000,000 for the replacement dock. KADA is negotiating with the U.S. Rural Electrification Administration for a loan to construct the electrical distribution system at Gugeegue and anticipates a grant of $415,000 from the U.S. Environmental Protection Agency for the sewer system on Gugeegue. KADA is also exploring funding options from other countries. In addition to alleviating the crowded living conditions on Ebeye, the opening of Gugeegue Island and the eventual completion of the causeway will provide ample opportunity for continued economic development. Should the United States Government provide funding for the deficiencies at Ebeye noted in the Berger report, KADA would be able to dedicate a larger portion of its developmental funding to the projects scheduled in its long-term development plan.

Before describing each of the TTPI construction projects that requires either repair or completion, I would like to comment on our difficulty in maintaining capital infrastructure. Throughout the period of the TTPI Administration and continuing to the present time, the attention of the Micronesian governments to operations and maintenance has been clouded by a serious lack of funds. Projects have been constructed to provide a basis upon which to establish an independent economy which, as it grows, will enable our people to achieve economic self-sufficiency, in accordance with the developmental goals of the Compact of Free Association. We realize that establishing a viable economy will take time and, as reported elsewhere in this statement, the Marshall Islands is making an earnest effort to promote its own economic development. Until such time as we have developed a productive economy, our government will not have a sufficient tax base to provide for all the operations and maintenance activities that will be required to protect the developmental infrastructure that we have set in place. We appeal to the Congress to assist us in protecting our joint investment in capital facilities, to help us devise and establish appropriate procedures for maintenance of these facilities.

Further detail on the capital improvements projects considered by the Berger report and several other related projects are given below.

Majuro Water Catchment Expansion. Since the Majuro runway was constructed just a few feet above the level of high tides, as soon as the runway was put in service, it became apparent that seawater was contaminating some of the rainwater caught on the Majuro runway and aprons and was, thereby, depriving Majuro residents of millions of gallons of fresh water each year. With the construction of a low concrete retaining wall inside the armorstone revetment wall, the full catchment area of the runway could be utilized for collecting rainwater. This improvement would increase by 8.5 acres, or about ten percent, the existing catchment area. The two components of this project would be the concrete wall costing $160,000 and paving which would cost $550,000, for a total project cost of $710,000. The area in question was originally part of the runway catchment area but had to be disconnected to prevent the intrusion of seawater into the system. By restoring the water catchment capability of this area, it will become more feasible to implement the recommendations of the Berger report regarding the Majuro water system.

Majuro Dock Rehabilitation. The Berger report found that, while the Majuro dock appeared to be in good condition, the original fendering and more recent fendering have been inadequate to prevent damage to the dock face. Furthermore, the electrical system was found to be poorly planned and is currently inoperable. The remediation of these defects would require installation of new cylindrical fenders, restoration of damaged or destroyed vertical fenders, and installation of new lighting and electrical systems, complete with transformers and receptacles, for servicing ships and containers.

Laura Electrical Transmission Line. The Berger report recommends a training program for the operation and maintenance of the underground cable circuit to Laura Village at the western end of Majuro Atoll, as well as the provisioning of required tools and equipment, reimbursement to the Government of the Marshall Islands for replacing the aluminum overhead line connecting the airport substation to the power plant, and the design and installation of a shield to protect the airport substation from saltspray.

Majuro Hospital. This project would repair Panelfab panels at the Majuro Hospital that have exhibited corrosion in the vicinity of the panel seams near the bottoms of the panels and roof panels that have leaked along the seams. The relatively inexpensive remedial measures recommended by the Berger report would add many years of useful service to this major facility.

Ebeye Wastewater Treatment Plant. This facility is an oxidation ditch type processor and was intended to provide secondary treatment for sewage. The Berger report concluded that the plant was adequate for Ebeye and did not require additional funding. However, in order to operate as designed, bacteriological action should be taking place to break down the sewage. Because the effluent used in the Ebeye sewer system is saltwater, the bacteriological breakdown is inhibited. My government has concluded that the most efficient and economical solution would be to bypass the present treatment plant altogether and discharge sewage directly into a deep water outfall where it would disperse. It is this alternative system that is recommended to the Congress.

Ebeye Dock. In March 1988 a large freighter collided sharply with the Ebeye dock causing the complete collapse of 80 feet of the 180 foot long structure. The remaining portion of the dock is considered unsafe for use, although temporary accommodations have been set in place using two barges positioned next to the damaged portion of the pier. The Berger report indicated that the present facility was too small for many of the international freighters that tied up to it. Whereas the Berger report estimated that as much as $13.0 million would be needed for the construction of a new dock at Ebeye, KADA has obtained a more economical design and has already identified certain of the funding that would be required for engineering and construction.

Ebeye Hospital. My government concurs with the recommendations of the Berger report for a major renovation of the Ebeye hospital.

Ebeye Road. The Berger report recommends that KADA be reimbursed for paving the road at Ebeye, inasmuch as this work was originally intended to be carried out by the TTPI Capital Improvement Program.

Majuro Road Resurfacing. The roads of downtown Majuro have been severely torn up as a result of the TTPI water and sewer projects. Our recommendation would be to provide a 1¼-inch overlay to repair the damage caused by these projects. The original asphalted road surface is more than fifteen years old and has been cut innumerable times during the installation of the new sewer and saltwater system. Due to budgetary constraints, cold mix asphaltic concrete was used to repair these cuts. The nature of cold mix asphalt has introduced a continuing maintenance problem. Additionally, much of the surface was already deteriorating and in need of resurfacing at the time the system was installed. The application of a hot mix resurfacing would provide another fifteen to twenty years of life to the pavement surface.

Jaluit High School. My government requests that the amount of $3.5 million be made available to complete construction of the Jaluit High School. The high school was opened in the fall of 1974 to serve the elementary school finishers in the southern and central areas of the nation. Congress had provided funding for the construction of sufficient classrooms to serve 600 students. Unfortunately, only one-fourth of the dormitory space planned for the campus was ever constructed, with the result that the school can accommodate only 128 boarding students and is thereby severely limited in enrollment capacity. It is the request of my government that the entire facility be constructed as planned and that, additionally, a dispensary be constructed on the high school campus.

Elementary Schools. My government seeks funding to replace the ninety-five classrooms that were erected in 1964 and 1965 from the surplus aluminum barracks buildings that had been used at Enewetak by the United States Nuclear Testing Program. These structures, which became known as "Enewetak buildings", were always considered a temporary expedient. Due to their prefabricated design (without electricity or plumbing, with poor natural lighting and ventilation, absorbing the equatorial heat and amplifying the sound of rainfall), they were ill-suited as classrooms. Since 1985, my government has expended a total of $3.8 million of ECIA Chapter 1 funds and Compact developmental funds for the repair and reconstruction of elementary classrooms, yet have not had sufficient funding to replace the Enewetak buildings. We request that funding be provided to replace each of these buildings with a concrete block structure.

Majuro Flush Toilets. Through its construction grant programs, the U.S. Government funded the construction in the urban area of Majuro Atoll of a gravity wastewater collection and disposal system utilizing salt water for flushing. Approximately 14,000 people are to be served by this system. The complete $13.5 million system has become operational in recent months.

However, the project did not provide for connection of the new sewer system to existing household sanitary facilities nor did it supply sanitary facilities to those houses without water flush systems. Many residences in Majuro do not have water flush systems and the use of drop toilets or direct use of the shoreline reef is an established norm. A household survey conducted in 1986 as part of the comprehensive water study of Majuro Atoll indicated that, at approximately 750 out of 1,200 households, either the home did not have a flush type toilet or existing facilities were unsatisfactory and needed to be replaced. Out of consideration for social and economic factors, there is resistance to suggestions that households pay for their own facilities or pay to be connected to the sewer system. The average income per household (of approximately nine people) is estimated to be $7,500 per annum.

The U.S. Environmental Protection Agency has provided a construction grant to pay for household sewer connections. However, we still have to deal with the problems of providing sanitary facilities to those who do not have them and replacing unsatisfactory facilities.

We seek an appropriation from the Congress to provide an inexpensive simple flush latrine to 750 households. A grant amount of $750,000 is requested to complete the basic design, construct the facilities, and install the 750 units. A unit would consist of a simple small latrine with a concrete floor, one-inch walls and roof constructed of ferro-cement, a tank toilet flushed with saltwater, and a saltwater outside faucet.

Operation of Majuro Sewer System. My government feels that it would be unrealistic to charge individual users the full cost of operating and maintaining the new Majuro sewer and saltwater system. Any attempt to charge the users the full cost would cause many of them to return to their original means of disposal. We anticipate that part of the cost for operating the system will have to be subsidized.

My government recognizes its obligation to operate and maintain the system, but seeks financial support from the U.S. Government to assist in start-up and continuing operational costs for the system. The annual estimated cost to operate and maintain the system, including the provision for an expatriate manager, is estimated to be $290,000. Of this cost, approximately $40,000 will be required to cover energy costs to operate the equipment of the sewer system. The other costs are: contract management, $80,000; local personnel, $50,000; materials, $30,000; chlorine, $13,000; repair parts, $60,000; and Marshall Islands Development Authority administration, $17,000. The expatriate manager will not only provide the technical expertise required to operate and maintain the system, but will also train the work force for the new system.

We are requesting the amount of $250,000 from the Congress for this purpose. My own government will cover the energy cost for operating the sewer system. This appropriation would help ensure that the considerable investment in the Majuro sewer infrastructure will be protected and that the system will be operated and maintained in an acceptable manner.

I would like to furnish additional detail on the eight supplemental requests that have not been discussed earlier in this statement.

Technical Assistance. In addition to being eligible for technical assistance from several federal agencies as mandated by Section 105(l) of U.S. Public Law 99-239, the freely associated states have benefited from the program of technical assistance administered by the Office of Territorial and International Affairs. We are most grateful for the support we have received from the OTIA program and we request that funding for the program be approved for Fiscal Year 1990 at the same level provided in Fiscal Year 1989.

As the responsibilities of my government have increased with self-government, so has the need for technical assistance. Technical assistance has become even more important as federal grant programs are being withdrawn and the Government of the Marshall Islands begins to devise programs to take their place.

In the past, the OTIA program of technical assistance has proven to be an effective, cost-efficient means for establishing

needed administrative procedures and improving the technical proficiency of our own civil servants. Under the sponsorship of this program, experts in various technical fields would be employed for a set period of time and complete an agreed-upon body of work. Thus, our requests for a particular project of technical assistance have always been modest. Generally, the grants for technical assistance have contributed directly to developmental projects. During the Compact era, the OTIA program has helped improve the delivery and efficiency of public services.

We request that a portion of the technical assistance appropriation be earmarked for a grant to the Close-Up Foundation that will enable high school students from the Marshall Islands and other areas in the Pacific to participate in the Close-Up program. During the past two years, the activities of the Close-Up Foundation have become available to students and educators in the freely associated states, and they have participated in Close-Up conferences and citizenship education programs in San Francisco, Washington, D.C., and Guam. We feel that the program has contributed significantly to the training in civic responsibility of the students of our young nation and has strengthened the ties between the United States and the Marshall Islands. We ask that the Close-Up program be made available to the students and teachers of the freely associated states during Fiscal Year 1990 and in the years ahead.

DOE Radiological Health Care Program for Rongelap and Utrik. Section 103(h)(1) of U.S. Public Law 99-239 provides that, at the request of the Government of the Marshall Islands, the United States would continue to provide special medical care and logistical support to the residents of Rongelap and Utrik Atolls who were exposed to radioactive fallout resulting from the 1954 "Bravo" test. We ask you to honor the assurance of Senate Concurrent Resolution Number 171 of the Ninety-ninth Congress that the Department of Energy Radiological Health Care Program is a special and continuing moral obligation of the United States Government and shall continue for the first eleven years of the Compact. At this time, we request an appropriation of $1.2 million to provide these services for Fiscal Year 1990.

DOE Radiological Monitoring and Scientific Work at Bikini, Enewetak, Rongelap, and Utrik. At a meeting in Honolulu last September, officials of the U.S. Department of Energy presented my government with a plan for providing in Fiscal Year 1990 certain technical work to ameliorate the impact of the United States Nuclear Testing Program on the people of the Marshall Islands. In addition to the medical work required by Section 103(h)(1) of U.S. Public Law 99-239, DOE officials recommended whole body counting and bioassay medical studies, environmental assessments to establish the long-range effectiveness of the preventative technologies that have been developed at Bikini Atoll, logistical support for DOE operations in the Marshall Islands (including the Radiological Health Care Program described above), and a program of radiological education for the school children and public of the Marshall Islands. The Government of the Marshall Islands fully recognizes the importance of the proposed body of work. Much of this work was recommended by the final report of the Rongelap Reassessment Project. Such a program will serve to ensure the safety of citizens of the Marshall Islands who, in the years ahead, choose to resettle Bikini Atoll, Rongelap Atoll, and Enjebi Island in the northern portion of Enewetak Atoll. DOE officials have developed the following outline of costs for the nonmedical work in the Marshall Islands during Fiscal Year 1990.

Whole Body Counting and Bioassay	$1,000,000
Environmental Assessments	1,750,000
Logistical Support	1,400,000
Radiological Education	50,000
TOTAL PROGRAM	$4,200,000

Agricultural and Food Program for Enewetak. By the terms of Section 103(h)(2) of U.S. Public Law 99-239, at the request of my government, the Government of the United States is required to provide food support to the people of Bikini and Enewetak for the first five years that the Compact is in effect as well. The law has been amended so that comparable levels of support are now provided to the people of Rongelap and Utrik. This section of the Compact legislation also provides for the continued waterborne transportation of agricultural products to Enewetak and for the operation and maintenance of the vessel, the Wetak II, used for this purpose. The $1.1 million requested for this program matches the amounts appropriated for this project in Fiscal Years 1988 and 1989 when my government performed the administrative responsibilities previously handled by the Trust Territory Government for operation of the vessel and continuation of the USDA food support program for the people of the four communities affected by the United States Nuclear Testing Program.

I am pleased to report that significant progress has been made in transferring management of the program to the people of Enewetak. Management responsibility for the Wetak II is now being exercised by the Enewetak Local Government Council. The number of expatriate employees working in the program has been reduced to four. In light of the continuing need for training in several specialties, especially for senior management positions, the Council has requested that, for Fiscal Year 1990, the program continue to be managed by the U.S. Department of Energy (and its contractor, Holmes & Narver).

My government was involved in an evaluation of the program with DOI and DOE officials last February. The Marshallese employees interviewed requested that the present training program be continued for an additional year. In this regard, we have come to concur with the views of the Council. We feel that the number of expatriate employees can be further reduced to three. However, we strongly encourage the Congress to continue the Agricultural and Food Program for Enewetak in its present format, so that existing continuity and support for the training of local personnel not be lost. (Continuity in the training program would be lost if the present arrangement were altered and if DOE and its "captive contractor" were no longer to be involved in the program.)

College of Micronesia School of Nursing. My government fully endorses the proposal by the House of Representatives Subcommittee on Insular and International Affairs that the amount of $10.0 million be appropriated for construction of a new campus for the College of Micronesia in Pohnpei, relocation of the School of Nursing from the Northern Mariana Islands to the Republic of the Marshall Islands, and renovation of the Micronesian Occupational College in the Republic of Palau. The Committee viewed this construction program for the College of Micronesia system as a responsibility that the United States should meet in terminating the Pacific Islands trusteeship. Furthermore, the United States Government committed itself to examining these construction costs when it concluded the agreement for implementing the Compact with the Federated States of Micronesia in October 1986.

At an expense of $450,000, the Government of the Marshall Islands renovated the old Majuro hospital to serve as a temporary facility for the College of Micronesia School of Nursing, which relocated from Saipan in September 1986. In as much as the present facility lacks sufficient office space and classroom space and is too far away from the new Majuro hospital, the School of Nursing is still seeking a permanent structure closer to the hospital.

In the Saipan Accords signed on October 5, 1983, the presidents of the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands called for construction of the proposed nursing school.

To fulfill the demand for qualified nursing personnel in Micronesia, the School of Nursing will be an integrated medical learning facility. The school will have facilities to train approximately sixty students, with living accommodations for fifty students and ten school officials. I believe that completion of the School of Nursing is essential to our effort to train enough nurses, including nurses for the Intensive Care Unit and the Neo-natal Unit of the new Majuro hospital; we have not been able to fully utilize either of these units due to the lack of qualified medical professionals.

The site designated, and already leased, for the School of Nursing is directly adjacent to the new Majuro hospital, which with eighty-one beds and nearly 60,000 square feet of space, has the potential of becoming the most sophisticated and best equipped hospital in the region. The school will operate in close cooperation with the hospital, utilizing its facilities, equipment, and staff for practical training programs. The new facilities will be of institutional quality construction with special emphasis on minimizing the harsh and corrosive effects of the tropical environment. A copy of the specifications for the project are attached. It is estimated that the new nursing school will cost approximately $3.3 million to construct.

Capitol Building. Although the United States Government has provided the amount of $2.6 million for the construction of a capitol for the Republic of the Marshall Islands, the projected cost of an adequate facility is $5.6 million. We respectfully request that the Congress appropriate the additional amount of $3.0 million to fully fund construction of the capitol building. This project has long been considered by the United States Government to be one of the final obligations of the TTPI Administration. You will recall that, a year ago, we requested the appropriation of an additional $7.4 million for a capitol facility. However, during the past year, we have reevaluated our plans for this project and concluded that a more modest structure would be appropriate to our goals of economizing and decentralizing the delivery of government services.

Medical Referral Debts. Medical referral debts owed to the Tripler Army Medical Center in Hawaii and to certain other American medical providers still remain unpaid despite commitments made by the United States Government in Sections 105(d)(2) and 105(j) of U.S. Public Law 99-239 to cover such debts incurred prior to September 1, 1985. Two years ago, at the prompting of the Congress, the Government of the Marshall Islands submitted to the Department of the Interior an itemized list of all medical referral debts outstanding as of that date. The total amount of this debt stands at $1,333,000. In addition to this amount, my government has already paid United States

physicians and medical institutions a total of $2,672,000 for medical expenses incurred between 1982 and 1986. In accordance with the Compact legislation, I ask this Committee to approve an appropriation for the full amount of these expenses--both paid and unpaid--for earlier medical services. I feel that the entire amount is due to my government and that it would be unfair for my government to be penalized for having cleared a sizeable portion of its medical debt.

Since inception of the Compact, we have received several requests from the U.S. Department of Defense for payment of prior medical bills. Despite the assurances of Section 105(k) of U.S. Public Law 99-239, Defense officials have strongly suggested that patients from the Marshall Islands would be denied access to Defense medical facilities if the prior medical bills are not retired. Our current liability with Tripler Army Medical Center is approximately $2,400,000, somewhat less than the amount we have already paid for prior medical referral debts, which, as we understand the terms of the legislation, will be reimbursed to us by the United States Government. On balance, the Government of the Marshall Islands is positioned in a net creditor relation with the United States Government vis-a-vis these medical debts. So that the freely associated states can properly manage their medical debts from the era of the TTPI Administration and regularize working relations with the Tripler Army Medical Center and other medical providers in the Pacific region, I urge this Subcommittee to take action to resolve this question once and for all.

Coastal Atlases and Coastal Resource Management Plans. Funding was provided in Fiscal Year 1988 for the first phase of the preparation of Coastal Resource Atlases and Coastal Zone Management Plans for the atolls and islands of the Marshall Islands. The first phase of the project has conducted studies of the most populous atolls of the nation. The assessment of resources produced by this project will contribute substantially to the economic advancement and self-sufficiency of the people of the Marshall Islands, and these are common goals of our two nations. The information generated by the project will also serve to protect the environment, inasmuch as the most populous atolls are likely to be impacted by industrial and commercial development. With the guidance of the atlases and management plans, developmental activities could be zoned into areas where they would be less harmful to the ecosystems of the atolls. Such technical assistance is authorized by Section 226 of U.S. Public Law 99-239. This project is also specifically referenced in the Implementation Agreement concluded between our two nations in October 1986.

The second phase of the project, for which we now seeking funding, would extend the studies to the northwestern region of the nation--the area affected by the United States Nuclear Testing Program--where rehabilitation and resettlement of the displaced populations will be taking place during the next few years. This region also contains several uninhabited atolls and islands that have traditionally served as protected areas for turtles, seabirds, and marine life; the inventories of wildlife contained in the atlases for these areas would be of assistance to my nation as it establishes a protective legal regime for wildlife sanctuaries. Funding for the project could be appropriated in a manner such that the work might be performed by the Corps of Engineers, the NOAA Sea Grant Program, the United States Information Agency, or another appropriate agency.

Conclusion

Mr. Chairman, I wish to thank you for the opportunity to submit testimony to this Committee regarding the proposed United States budget for Fiscal Year 1990 and I thank you for the kind attention that you have given to the concerns of my government. To the people of the Marshall Islands, every one of the issues I have raised is important. I know that officials of this Committee have shown great concern for the well-being of the Micronesian nations, that you are committed to seeing that the relationship of free association proves successful, and that, for the reasons I have offered, you will give full and fair consideration to the requests my government has placed before you.

In all that I have said today, I have not intended to qualify in the least the commitment of my nation to the ties established between our nations by the Compact of Free Association. That document defines much about the relation of the Marshall Islands to the rest of the world. Our commitment to the ties of free association is stronger than ever and we greatly appreciate the opportunity to work with the Congress to find ways to correct a few of the unforeseen difficulties that have become apparent in the first two years of this special bond between our nations.

Kom kanuij in emol.

STATEMENT OF ISHMAEL JOHN

Mr. Chairman, members of the Committee, the Enewetak/ Ujelang Local Government Council, has asked me to offer the following statement to the Committee in support of the appropriation in the amount of $1.1 million to continue the Enewetak Support Program for the coming fiscal year. The statement also addresses the Four Atoll Health Care Program, the DoE radiological monitoring program, our concerns about the Agriculture Maintenance Program, Runit Atoll, Enjebi resettlement, and our concern that the Section 177 Master Trust Fund may not provide enough income to meet its obligations.

Our delegation consists of our new Mayor, Naptoli Peter, Iroij John Abraham, Iroij Erwin Peter, Councilman James (Smith) Gideon, Councilman Boaz David, our clerk Sampson Yashitaro and Davor Pevec, Esq., of Honolulu, our lawyer. David R. Anderson, Esq., at the Washington law firm of Wilmer, Cutler and Pickering, also assisted us in the preparation of this statement.

Mr. Chairman, at the outset we wish to express our appreciation to the Committee and its staff for the opportunity to present this statement. It enables us to set forth our arguments in favor of continuing the support program and to make you aware of the progress we are making and of the problems still confronting us.

Enewetak Support Program

We request that $1.1 million be appropriated for the Enewetak Support Program for fiscal year 1990. This is the amount appropriated for the present fiscal year program and for the year before. It is, we believe, the minimum amount necessary to fund the program. It is the amount recommended by the House Interior and Insular Affairs Committee as an addition to the Administration budget. In that respect we refer to the language in the House committee's recommendation pointing out that the agreement between the Administration and Congress to provide funds for this program "helped make enactment of the Compact of Free Association possible" in the first place. It is a source of distress to us that despite its agreement to support this program, the Administration again failed to include this item in its annual budget recommendation.

It is our understanding that the current year's appropriation is allocated as follows:

Supplemental Food Program	$ 315,000
Agricultural Maintenance Program	158,000
Field Station Operation and Maintenance	410,000
Operation of WETAK II	126,000
Administration Grant to RMI	81,000
Total	$ 1,100,000

Last year we suggested that the amounts be reallocated so that more money could be used for the supplemental food program and less to operate and maintain the field station. We renew that

request at this time. The reason for the request is explained in part by the problems with the Agriculture Maintenance Program which are described in the next paragraph.

Agriculture Maintenance Program

There is a growing concern that it may not be possible to successfully reintroduce the coconut palm on Enewetak Atoll. The original plantings of replacement coconuts -- the staple of the atoll diet -- were made in 1979 and 1980. At that time, it was predicted that five-sevenths of the palms planted in the southern part of the atoll would be fully bearing this year and six-sevenths or more would be fully bearing by 1990. DoI now estimates that only about two-sevenths of palms will be bearing this year and only about one-third by 1990.

The chart on the following page tells the story graphically.

COCONUT PALM BEARING PROJECTIONS

	ISLANDS	DATE PLANTED	ORIGINAL COUNT	1983	1984	1985	1986	1987	1988	1989	1990
1)	ENEWETAK1/	3/80	6,107	0	300	1,200	2,400	3,400	4,300	5,200	6,100
1a)	ENEWETAK2/	3/80	7,607	0	150	450	1,000	2,000	2,500	3,000	4,000
1b)	ENEWETAK3/	3/80	7,941	0	150	450	500	1,000	1,500	2,000	2,500
2)	MEDREN1/	10/79	9,648	0	500	1,400	2,900	4,300	5,800	7,700	9,600
2a)	MEDREN2/	10/79	11,572	0	100	700	1,000	2,500	4,000	6,000	8,000
2b)	MEDREN3/	10/79	12,502	0	100	500	500	1,000	2,000	3,000	4,000
3)	JAPTAN1/	8/79	2,795	20	300	600	1,100	2,000	2,800	2,800	2,700
3a)	JAPTAN2/	8/79	2,892	0	300	850	1,100	1,800	2,200	2,400	2,800
3b)	JAPTAN3/	7/79	2,892	0	300	400	500	800	1,200	1,600	2,200

1/ From the Trust Territory of the Pacific Islands Resettlement Program Status Report dated May 1, 1983.

2/ From the Office of Territorial and International Affairs U.S. DoI Report on the Enewetak Food and Agriculture Program for Fiscal Year 1987.

3/ From the Office of Territorial and International Affairs U.S. DoI Report on the Enewetak Food and Agriculture Program for Fiscal Year 1988.

The chart spells out our predicament. Unless some way is found to improve the success rate of the palms, it may be necessary to continue the supplemental food program and the agricultural maintenance program indefinitely.

Administration of Enewetak Support Program

In anticipation that we would be asked for a progress report on our plans to assume administration of the program, we scheduled a meeting with members of the staffs of the Congressional committees with responsibility for the program, representatives of the government departments involved and Mr. Wilfred Kendall, RepMar's official representative to the United States. Since that meeting was scheduled to take place after the date for submitting this prepared testimony, we request the opportunity to submit a supplement to this statement to summarize the results of that meeting.

There are a number of issues to be raised and problems solved before the transition from U.S. to local administration can be completed. In the meantime, it is essential that the funds for the Enewetak Support Program be appropriated separately from the funds for other Marshalls Atolls entitled to support under the Compact Act. Keeping the funds separate will enable us to take over the administration of the program without having to disentangle it from the administration of similar programs at the other Atolls.

Enjebi Resettlement

In the spring of 1988, the Lawrence Livermore National Laboratory (LLNL) published the results of its radiation dose assessment study of Enjebi. LLNL and DoE officials explained the report to the Enewetak/Ujelang Local Government Council at a meeting in Honolulu. In response to a request made at that

meeting, DoE agreed to provide a Marshallese translation of the report for the use of the people of Enewetak. Last week, we were assured that the translation, which has not yet been furnished, is nearly complete. In fact, DoE is in the process of planning a trip with me and other local officials early in May to discuss the report with the people of Enjebi.

Once these steps have been taken, we will be in a better position to go on with our planning for the resettlement of Enjebi.

RUNIT

Runit Island, the major island midway up the chain of islands on the eastern side of the atoll, was used as the site to store the radioactive debris collected in the cleanup of Enewetak Atoll. Last year we stated that we would like the U.S. to complete the cleanup of Enewetak by removing the radioactive waste from Runit. Whether or not that is possible, we want to be sure that the DoE continues its radiation monitoring and whole body assay program on Enewetak and the other three affected atolls in accordance with the commitment made to Congress last year.

Compact Implementation

A. Four Atoll Health Care Program

The Compact of Free Association and the laws passed by Congress to give effect to it provide that up to $2,000,000 a year will be provided from the Section 177 Master Trust Fund to continue the so-called Four Atoll (Bikini, Enewetak, Rongelap and Utrik) Health Care Program. As originally established, the program provided primary, secondary and tertiary health care to eligible members of the four communities. At present, the program faces a number of problems. While there are probably several causes, one of the major reasons is that far more people

are enrolled in the program than live on the four atolls. This means that the $2,000,000 earmarked for the program is insufficient to support it. There is no simple solution since sensitive political questions are involved as well as questions involving the cost, quality and availability of health care. One possible approach is to divide the $2,000,000 equally among the four atoll groups. This plan has the advantage of allowing each group to decide how widely to distribute the program's benefits to its members without penalizing members of the other groups, particularly those who base eligibility primarily on residence. Another solution, one advocated by RepMar in its testimony before the House Interior Subcommittee in February, is for the U.S. to increase the amount of money in the Master Trust Fund sufficiently to provide $3,000,000 a year to the Health Care program. We endorse this request whether or not the sum is divided equally among the four groups.

B. Investment Results Obtained by the Section 177 Fund

The Section 177 Master Trust was originally funded with an appropriation of $150 million. The expectation was that the income from the Fund would be sufficient to make the 15 annual payments of $18 million called for by the Section 177 agreement. To meet that obligation, the Trust, when fully funded, must earn 12 percent per year. In order to make sure that the Four Atoll groups are paid in years when the fund does not earn the 12 percent, the agreement provides that principal may be used to make the required payments. To complicate matters, the first year's payments were made, of necessity, primarily from principal, leaving a fund of only $132 million to cover the remaining 14-year obligation. As we showed last year, Black Monday in October, 1987, reduced the Fund still further, wiped out virtually all its first year earnings, and put in question the ability of the Fund to meet all of its obligations. While we are encouraged by the Fund's 1988 results, the uncertainty remains.

STATEMENT OF JONATHAN M. WEISGALL, LEGAL COUNSEL, PEOPLE OF BIKINI

Thank you for providing the people of Bikini the opportunity to report to you on the status of cleanup and resettlement efforts at Bikini Atoll.

In passing H.R. 4867 last year, which was signed into law as P.L. 100-446, Congress and the Administration have finally addressed the cleanup and resettlement of Bikini Atoll, an issue that has been before all three branches of government since 1978, when the United States moved the Bikinians off their atoll for a second time. Under this legislation, to which the full faith and credit of the United States is pledged pursuant to Section 103(1) of the Compact of Free Association Act of 1985 (P.L. 99-239), the United States has agreed to add $90 million to the Resettlement Trust Fund for the People of Bikini over a five-year period. The first installment of $5 million was made last year, and $22 million is to be added on October 1 of this year -- an amount the Administration has included in its proposed fiscal year 1990 budget.

This legislation represents a successful resolution of the Bikini cleanup and resettlment issue. Under its terms:

-- The United States is relieved of its obligation to clean up and resettle Bikini;

-- The Bikinians have the power to decide how to clean up and rehabilitate their own lands;

-- A cap is placed on total U.S. liability;

-- The Bikinians have terminated all litigation against the United States;

-- The 1985 Honolulu lawsuit on Bikini cleanup will not be reopened; and

-- The U.S. Government has saved up to $118 million in cleanup and resettlement costs by using the trust fund approach.

The Bikini people wish to express publicly their thanks and appreciation to this Subcommittee for its work on this legislation. Special thanks go to Senators McClure and Johnston, as well as to staff members Jim Beirne, Ben Cooper, Laura Hudson and Al Stayman, whose travel to Bikini and understanding of the complex questions helped forge a solution to this issue.

Cleanup and resettlement work is underway at Bikini today, with the able assistance of the architectural and engineering firm of Holmes & Narver and a Guam-based construction company, IBC:

-- Almost all brush at Eneu Island has been cleared, and clearing at Bikini Island will commence shortly.

-- Construction of a Council house at Bikini Island will be completed within 30 days, and will permit groups of Bikini elders to return to live at their homeland on a rotating basis for a few weeks at a time.

-- Work will begin this year on mining revetment stone for shoreline protection at Eneu; a by-product of mining the stone will be aggregate for concrete paving.

-- Work is underway to build a temporary 8' x 75' floating dock at Eneu, and design work is proceeding on the repair of the northernmost barge slip finger at the existing pier on Eneu.

-- A complete survey and mapping of watos (land ownership units) at Eneu has been completed and is nearly complete at Bikini.

-- A draft master plan has been prepared for Bikini Island.

-- Navy divers have helped locate 9 of the 16 ships down in Bikini's lagoon. These include such famous ships as Saratoga, Nevada, Arkansas and the Nagato, flagship of Admiral Yamamoto. The Navy is also assisting in a hazards assessment of the munitions on these ships, all of which were in battle-ready condition. Navy divers will return to work at Bikini for three weeks this August.

-- A team of underwater archaeologists and underwater scientific illustrators from the National Park Service's Submerged Cultural Resources Unit will spend two weeks at Bikini this summer preparing a preliminary report for a more detailed study, which, if funding becomes available, will include complete underwater mapping and drawing of the ships, an assessment of recreational diving potential and a submerged cultural resources management plan.

-- The Bikini leaders will meet this July in Hawaii with Dr. Herwig Paretzke, a West German radiation scientist who enjoys the respect and trust of both the Bikini people and the U.S. Department of Energy, to work on developing a radiological cleanup plan for Bikini Island.

With Bikini cleanup and resettlement well underway, it is imperative that the U.S. Department of Energy continue its presence in the Marshall Islands. In addition to monitoring the peoples of Rongelap and Utrik who were directly exposed to radiation in the 1954 Bravo

shot, DOE is continuing to conduct environmental studies at Bikini Atoll under the direction of Lawrence Livermore National Laboratory concerning the uptake of radioactive cesium into the terrestrial food chain. It is also using data from Bikini to seek to determine the levels of plutonium absorption in the people of Rongelap, and it continues to provide logistical support to these and related activities in the Marshall Islands and specifically at Bikini Atoll.

DOE's environmental research at Bikini has been underway for over a decade. It has provided critical baseline measurements to assist both DOE and independent scientists in measuring current and predicting future levels of radiation not just at Bikini but at other sites as well. Continuing this environmental monitoring will provide ongoing "quality control" at Bikini, a level of psychological assurance to the people of Bikini, and an early warning system if radiation levels for some reason start to rise.

The evidence derived from DOE's programs at Bikini not only enhances scientific knowledge of radiation effects, but also has a direct impact on the cleanup and resettlement program for the Bikini people. It would be exceedingly difficult for the Bikinians to replicate these studies, and to terminate the program at any time in the near future would be tantamount to throwing away over a decade of valuable scientific research. The Interior Department budget for FY 1990 contains no funding for the continuation of this program, which has in the past risked falling between the cracks of the Interior and Energy Departments' budgets. The Bikini

people urge this Subcommittee to work with the Subcommittee on Energy and Water Development to ensure this continued role of DOE in the Marshall Islands.

STATEMENT OF JETON ANJAIN

Mr. Byrd and Members of the Subcommittee. On behalf of the Rongelap people presently living in self-imposed exile, I thank you for the opportunity to present our views on the need to proceed with the Phase 2 comprehensive and independent study of Rongelap as now required by the Compact of Free Association.

Today I am joined by the Mayor of Rongelap, Willie Mwekto and other members of the Rongelap Atoll Local Government Council.

We are here today to:

(1) *Request that the U.S. Government and the Congress fund the "Phase 2" comprehensive and independent survey of Rongelap Atoll as now required by the Compact of Free Association [Section 103(i)(2), P.L. 99-239] regarding radiation and other effects of the nuclear weapons tests conducted in the Marshalls.*

(2) *Present Nitijela Resolution No. 28 unanimously endorsing the Phase 2 comprehensive and independent survey of Rongelap Atoll.*

(3) *Present the Work Plan for Phase 2, "MAKING RONGELAP HABITABLE: PROPOSED WORKPLAN FOR A PHASE 2 COMPREHENSIVE*

STUDY," prepared for the Rongelap Council and request funding ($6.62 million).

(4) Present the Rongelap Atoll Local Government Council Resolution No. 19 in support of "MAKING RONGELAP HABITABLE."

(5) Reaffirm our support for the Holmes and Narver Study, "Preliminary Plan for the Rehabilitation and Resettlement of Rongelap Atoll" and request initial funding ($3.38 million).

(6) Request that the U.S. Government and the Congress assist the Rongelap people secure interim living conditions on another atoll.

Let me begin, Mr. Chairman, by thanking you and your Committee for temporarily reinstating the USDA food assistance program. We experienced a serious food shortage by virtue of an error in the Compact and for a period, food deliveries were cut in half. This imposed a great hardship on our people. With your assistance last year, this matter was resolved.

Today, the people of Rongelap repeat the questions asked over and over for many years:

- IS RONGELAP ATOLL SAFE AND IS IT HABITABLE?
- WHAT IS THE HEALTH OF THE RONGELAP PEOPLE?
- IS RONGELAP ATOLL SAFE TO RESETTLE?

Following publication and release of the DOE 1982 Bilingual Radiation Report, the Rongelap people did not believe the Atoll was safe.

As a result, the Rongelap people evacuated the Atoll and moved into exile in May, 1985. During consideration of the Compact of Free Association, Congress was unable to make a determination on whether Rongelap was safe or habitable. As a result, a special process was established, in P.L. 99-239, to review the DOE 1982 Radiation Report. In August, 1987, the Government of the Marshall Islands contracted for a review of the DOE 1982 Report.

Last year, Dr. Henry I. Kohn presented the Committee with the preliminary findings of the Rongelap Reassessment Project. On July 22, 1988, Kohn's Final Report was submitted to Congress. On March 1, 1989, a "CORRECTED EDITION" of the same report was released.

After its initial release, the Rongelap Council and the Rongelap people began an extensive review of the Rongelap Reassessment Project Final Report. Dr. Kohn's primary conclusion was that Rongelap Island is conditionally safe for adults provided that an undefined "previous diet" is maintained. Fear for the safety and health of the Rongelap children was the primary motivating force in our evacuation in 1985. Dr. Kohn's report was inconclusive and uncertain with regard to children, among other significant issues. Based on Dr. Kohn's report, it is now clear that:

- DOE DATA IS INADEQUATE IN SEVERAL KEY AREAS REGARDING:
  - FOOD ON RONGELAP
  - CHILDREN
  - PLUTONIUM IN RONGELAP PEOPLE
  - PLUTONIUM IN SOIL OF RONGELAP ATOLL
  - RADIATION DOSE
- CONCLUSIONS AS TO HABITABILITY ARE NOT "FULLY SUPPORTED" BY THE DOE DATA

The next step, according to the Compact, is to undertake a comprehensive and independent survey of Rongelap. The Rongelap people want that independent study as soon as possible.

The eight months following the release of the Rongelap Reassessment Project Final Report have been filled with a series of important events relating to Rongelap and the habitability of Rongelap Atoll.

NITIJELA UNANIMOUSLY ENDORSES PHASE 2 COMPREHENSIVE AND INDEPENDENT STUDY OF RONGELAP ATOLL

In October, Rongelap asked President Kabua to convene a special session of the Nitijela, the Marshall Islands Legislature. The Ninth Constitutional Special Session was convened and on November 10, 1988 unanimously passed Resolution No. 28 supporting the Phase 2 comprehensive and independent study of Rongelap Atoll.

RONGELAP COUNCIL CONTRACTS FOR PREPARATION OF WORK PLAN FOR PHASE 2 COMPREHENSIVE STUDY

The Council, in November, signed a contract with P&D Technologies, Inc. of Phoenix, Arizona to prepare a work plan for the Phase 2 study. We recognized that RepMar, Congress and the Administration did not know the scope of such a study. As a practical matter, neither did we. We recognized that this information would be required by all parties, so we underwrote the cost of it. The Work Plan is designed to determine the habitability of Rongelap Atoll and to develop a reasonable cleanup and resettlement strategy. Mr. Lane, the author, was directed by the Council to interview DOE, Dr. Kohn, RepMar officials including the Chief Secretary, the Rongelap people, among others. This has been done.

RONGELAP PREPARES "STATEMENT OF UNRESOLVED ISSUES."

At the direction of the Rongelap Council, a "Statement of Unresolved Issues" was prepared and submitted to P&D. This statement was prepared after a full review of the Rongelap Reassessment Project and other documents relating to the habitability of Rongelap Atoll. It represents Rongelap's belief that, a year after Dr. Kohn's Preliminary Report was presented to Congress, a number of significantly important habitability issues are unresolved and outstanding.

THE REPORT, "MAKING RONGELAP HABITABLE: PROPOSED WORKPLAN FOR A PHASE 2 COMPREHENSIVE STUDY" IS APPROVED BY RONGELAP COUNCIL

The Rongelap Council received and approved P&D Technologies' recently completed report, "MAKING RONGELAP HABITABLE." Rongelap has also, in the past week, submitted it to President Kabua and the RepMar Government with the request that a contract be executed for the immediate implementation of the Phase 2 study. By the terms of the Compact, Section 103(i), the U.S. Government is now obligated to fund the study. The RepMar Government is completing its review of Phase 2 Work Plan. We anticipate reporting to the Committee the results of this review within ten days.

CONCLUSIONS AND RECOMMENDATIONS.

1. ***PHASE 2 COMPREHENSIVE STUDY MANDATED.*** Before decisions about resettlement can be considered, it is necessary to do what has never been done at Rongelap or for the Rongelap people:

- comprehensively study the air, land, water and food chain of the atoll; and
- prepare a baseline health survey for all the people.

The Phase 2 comprehensive and independent study is designed to

undertake these important tasks. The Rongelap Council funded the preparation of the comprehensive work plan, "MAKING RONGELAP HABITABLE," to identify the unresolved radiation and habitability issues and to establish a process for their resolution. At the same time, Rongelap Council wanted to demonstrate to all parties its intentions to proceed with an objective and professional study. This Phase 2 study is authorized for funding by the terms of the Compact. It should be initiated immediately.

2. ***THE REHABILITATION AND RESETTLEMENT STUDY SHOULD RECEIVE INITIAL FUNDING.*** In October 1987, the Rongelap Council contracted with Holmes and Narver to prepare a plan for rehabilitating and resettling Rongelap Atoll. This plan was submitted to the Committee last year at these hearings.

Holmes and Narver concluded that "existing physical and radiological conditions at Rongelap Atoll do not offer the Rongelapese a safe place to live." It should be noted that, according to their plan, it will take between three to four years, at the earliest, to prepare Rongelap Atoll for resettlement. The Phase 2 study will determine what cleanup is required. The Holmes and Narver's proposed work plan deals exclusively with reconstruction of the Rongelap community infrastructure -- buildings, roads, airstrip, etc., and radiation cleanup. Their proposed work plan does not include any health studies of the Rongelap people. That is the function of the Phase 2 study.

Phase 2 and the Holmes and Narver study are complimentary. Preliminary work undertaken by Holmes and Narver can prepare the airstrip and buildings for the Phase 2 review, thereby achieving certain economic efficiencies.

Mr. Chairman. The people of Rongelap want to return to

Rongelap, but will do so only if Rongelap Atoll is safe and the questions about health and habitability are fully resolved.

The Department of Energy believes that Rongelap Atoll is safe. On this point, we remain in disagreement. DOE's parameters for determining habitability are exclusively radiological and based on average dose estimates for the community as a whole. Individual dose estimates will provide a more meaningful basis for decisions about resettlement and cleanup. We believe the use of averages in calculating radiation dose is unrealistically narrow for a determination of safety and habitability.

The word "habitability" is used repeatedly in Section 103(i) of the Compact. That is the standard imposed by Congress for Rongelap. Black's Law Dictionary defines "HABITABILITY" as: ***CONDITION OF PREMISES WHICH PERMITS INHABITANTS TO LIVE FREE OF SERIOUS DEFECTS TO HEALTH AND SAFETY***. That is what the Rongelap people want. We want to live "free of serious defects..." We want to live without fear.

For the record, I am submitting the following documents:

- Rongelap Council Resolution # 19, April 1989
- Nitijela Resolution # 28, November 1988
- Statement of Unresolved Issues, December 1988
- Statement, "Is Rongelap Atoll Safe?" by B. Franke

On behalf of the Rongelap people, and especially the Rongelap children, I thank you.

NITIJELA OF THE MARSHALL ISLANDS

9TH CONSTITUTIONAL SPECIAL SESSION, 1988 RESOLUTION NO. 28
N.D.-1

A RESOLUTION

Supporting the Congress of the United States House Concurrent Resolution 395 of the 100th Congress, 2nd Session, and supporting the independent, comprehensive study of Rongelap Atoll mandated by the Compact of Free Association of 1985.

WHEREAS, House Concurrent Resolution 395, sponsored by U.S. Representatives George Miller, Morris Udall, Chairman, Committee on Interior and Insular Affairs and Ron deLugo, Chairman, Subcommittee on Insular and International Affairs, has been introduced before the House of Representative of the United States Congress; and

WHEREAS, the House Interior and Insular Affairs Committee will hold hearings on House Concurrent Resolution 395 in the near future; and

WHEREAS, the said Resolution concludes that the comprehensive study of Rongelap as set forth in Section 103 (i) 2 of U.S. Public Law 99-239 of the Compact of Free Association of 1985 should be immediately undertaken; and

WHEREAS, the said Resolution "reaffirms (Congress) commitment to the Government of the Marshall Islands and the Rongelap people that it is the policy of the United States to take such actions as are necessary to restore the habitability of their homeland;"

WHEREAS, the people of the Republic of the Marshall Islands, consistent with

(1) Nitijela Resolution No. 25 of the Fourth Regular Session of the Nitijela of the Marshall Islands, 1983,

(2) Section 103 (i) 2 of Title 1 of the Compact of Free Association of 1985, U.S. Public Law 99-239, and

(3) Section 5 (8) of Nitijela Resolution No. 62 of the Seventh Constitutional Regular Session, 1986, and Public Law 1986-4,

desire to support the House Concurrent Resolution 395 and reaffirm their desire to restore the habitability of the homeland of Rongelap people, now therefore

RESOLUTION NO. 28
N.D.-1

BE IT RESOLVED, by the people of the Republic of the Marshall Islands through their Nitijela in its Ninth Constitutional Special Session, 1988, that the Nitijela of the Marshall Islands support, and it hereby supports, House Concurrent Resolution No. 395 of the 100th Congress 2nd Session supporting the independent, Comprehensive study of Rongelap Atoll mandated by the Compact of Free Association of 1985.

BE IT FURTHER RESOLVED, by the people of the Republic of the Marshall Islands through their Nitijela that, together with the scientific studies sponsored by the Congress Resolution, the United States Government proceed with a staged clean-up of Rongelap Atoll that will result in the eventual rehabilitation and resettlement of that Atoll; and

BE IT FURTHER RESOLVED, that certified copies of this Resolution be transmitted by the Speaker of the Nitijela to the President of the United States, Congress, Secretary of States, Secretary of the Interior and the Secretary of Energy for appropriate immediate action.

Certificate

I hereby certify:

(1) that the Nitijela Resolution No. 28 N.D.-1 has been adopted by the Nitijela of the Marshall Islands on the 10TH day of NOVEMBER, 1988; and

(2) that I am satisfied that Resolution No. 28 N.D.-1 has been adopted in accordance with the Constitution of the Marshall Islands and the Rules of the Nitijela.

I hereby place my signature before the Clerk of the Nitijela this 15th day of NOVEMBER, 1988.

Kessai Note, Speaker
Nitijela of the Marshall Islands

Attest:

Rien Morris, Acting Clerk
Nitijela of the Marshall Islands

LETTER FROM JETON ANJAIN

Robert K. Lane
Director of Technical Services
P&D Technologies
1702 Highland
Phoenix, AZ 85016

December 12, 1988

Dear Mr. Lane:

On behalf of the Rongelap Council, this letter constitutes the STATEMENT OF UNRESOLVED ISSUES regarding the radiation problems at Rongelap Atoll. The Final Report of the Rongelap Reassessment Project (July 1988) has been received and reviewed, and, based upon the findings and conclusions of that Report, the Rongelap Council has determined that:

* the data contained in the 1982 Department of Energy Report entitled, "The Meaning of Radiation for Those Atolls in the Northern Part of the Marshall Islands That Were Surveyed in 1978" is inadequate to fully support the Report's conclusions as to the habitability of Rongelap Atoll;

* the conclusions as to Rongelap's habitability contained in the DOE 1982 Radiation Report are not fully supported by the data; and

* therefore the comprehensive independent study of Rongelap, as set forth in Title 1, Section 103(i)(2) of the Compact of Free Association should be immediately undertaken to fully determine the safety and habitability of Rongelap Atoll.

The Rongelap people have concluded that the following general radiation and related issues remain unresolved:

(1) HEALTH OF THE RONGELAP PEOPLE UNCERTAIN. The Rongelap people do not know the state of their health – individually or as a community. The health problems experienced at Rongelap must be, among other things, compared with the general Marshall Islands population and further, a determination must be made if these illnesses are radiation related. We do not know if the radiation will poison the children of our future generations. Without this critically important information, a decision about resettlement cannot even be considered.

(2) RADIATION LEVELS THROUGHOUT THE 61 ISLANDS OF RONGELAP ATOLL REMAIN UNKNOWN. The Rongelap people do not know either the levels of radiation throughout the Atoll, the types of radiation contamination, or whether or not the members of the Rongelap community can live on Rongelap Atoll without exceeding U.S. radiation guidelines.

(3) RONGELAP REASSESSMENT PROJECT REVEALS FOR FIRST TIME THAT PLUTONIUM IS IN RONGELAP PEOPLE. The review directed by Dr. Kohn revealed that there is plutonium in our environment and in our bodies. The DOE has been researching the problem since at least 1973, but has not informed the Rongelap people or the individuals in question. In addition, there is substantial disagreement between DOE labs which has not been reported until now. As compared with the lands in the Northern Hemisphere, Rongelap Island has more than 400 times the amount of plutonium in the soil and for other islands in the Atoll, it is more than 4000 times. We do not understand how Rongelap can be safe or why DOE does not recommend a cleanup program.

(4) THE FOOD AT RONGELAP AND CONFLICTING U.S. POLICIES. In the past 15 years the Rongelap people have been told to eat more local food and not to eat local food. We have been told to rely upon imported foods and at the same time, watched the USDA food program be reduced in half. We are told that Rongelap is habitable IF the food program is in place, but the food program is due to expire in less than two years. Despite this fact, all DOE dose assessments are based upon an imported food diet. The DOE diet estimates for their studies keep changing. This is a major area of uncertainty.

(5) RADIATION AND THE RONGELAP CHILDREN - UNCERTAINTY. In his Report, Dr. Kohn was unable to offer conclusions about the habitability of Rongelap for children. We entered self-imposed exile because of our fears for the Rongelap children. It's almost four years later and uncertainty still haunts Rongelap.

(6) THE DOE MAP AND RADIATION CONTAMINATION AT RONGELAP. The most important section of the DOE 1982 Radiation Report is numerically coded, two page map which shows that radiation at Rongelap Atoll is as high as that at Bikini and Enewetak Atolls. Yet, the Rongelap people are told by DOE to stay on Rongelap and that it is safe, yet the Bikini and Enewetak people were removed. This is at the heart of Rongelap's concern. The DOE has been asked about this repeatedly since 1982 and the obvious contradiction remains unexplained.

(7) DOE USE OF AVERAGES IN ALL REPORTS AND STUDIES. The DOE 1982 Radiation Report relies on averages. We recognize that averages may be useful indicators, but are not sufficient to determine habitability for a community. Averages have the ability to conceal as much as it does reveal. The Rongelap community requires, to make an informed judgement regarding future resettlement, complete health profiles for each individual as well as a full understanding as of radiation levels of radiation throughout the atoll. Radiation, when being discussed at Rongelap Atoll, should be discussed in terms of a high and low range, not averages. Dr. Kohn called the DOE 1982 Radiation Report data "meager" in his Report. To impose "averages" on the strength of an insufficient data base is inappropriate.

(8) THE U.S. RADIATION DOSE GUIDELINES AND THE RONGELAP PEOPLE EXPOSED TO THE BRAVO TEST. Both DOE and the Rongelap Reassessment Project make projections about the amount of radiation the Rongelap people can expect in the next 30 years if they live on Rongelap. It is stated to be within the US radiation dose guidelines of 5 rem/30 years. However, more than 50 Rongelapese presently living, about 15% of the entire community, have already been exposed to far more than the US guideline. Returning to Rongelap, they will only endure more radiation on top of a near-lethal dose. We do not understand how Rongelap can be declared safe when a substantial portion of the population is over the US radiation guideline.

(9) THE FUTURE ECONOMY OF RONGELAP. Should Rongelap be resettled, we need to be certain that our community can economically survive. We do not want to be a welfare state and fear such implications. The problems at Rongelap have always been stated and limited to radiation. We believe that Rongelap must be considered in more broad terms.

There are many other specific unresolved issues. To assist your effort, we have tried to provide you with a general statement of the major unresolved radiatio ' and radiation-related issues.

It is the desire of the Rongelap people to return to their historical homeland. However, resettlement will only be considered if Rongelap is safe. You have been entrusted with a program of great importance to all the Rongelap people.

You will have our full cooperation.

On behalf of all the Rongelap people, and especially the children, we thank you for undertaking this important assignment.

Sincerely Yours,

Senator Jeton Anjain

RESOLUTION BY THE RONGELAP ATOLL LOCAL GOVERNMENT COUNCIL

WHEREAS, the Rongelap Atoll Local Government Council seeks to fulfill its obligations and responsibilities to its people under Section 103(i) of Title I of the Compact of Free Association Act of 1985, U.S. Public Law 99-239 and Nitijela Resolution No. 28, November 10, 1988; and

WHEREAS, the Final Report of the Rongelap Reassessment Project Report (July 1988) has been received and reviewed and, based upon the findings and conclusions of that report, the Rongelap Council has determined that:

(a) the data contained in the 1982 Department of Energy report entitled, "The Meaning of Radiation for Those Atolls in the Northern Part of the Marshall Islands That Were Surveyed in 1978" is inadequate to fully support the report's conclusions as to the habitability of Rongelap Atoll;

(b) the conclusions as to Rongelap's habitability contained in the 1982 Department of Energy report are not fully supported by the data; and

(c) therefore the comprehensive, independent study of Rongelap, as set forth in Title 1, Section 103(i)(2) of the Compact Act, should be immediately undertaken in order to fully assess the safety and habitability of Rongelap Atoll; and

WHEREAS, the Rongelap Atoll Local Government Council, in order to fulfill these obligations and responsibilities, directed P & D Technologies, Inc., (P&D), by contract dated November 21, 1988, to provide an independent professional report on the scope of work required in order to properly undertake and complete a comprehensive and independent survey of radiation and other effects resulting from the U.S. nuclear testing program as those effects relate to the safety and habitability of Rongelap Atoll as required by the Compact; and

WHEREAS, the Rongelap Atoll Local Government Council has now received and had an opportunity to review the P&D report entitled "Making Rongelap Habitable: Proposed Work Plan for a Phase 2 Comprehensive Study, April 1989" ("Making Rongelap Habitable");

NOW THEREFORE BE IT RESOLVED:

THAT, the Rongelap Atoll Local Government Council hereby approves the P&D Report entitled "Making Rongelap Habitable" and the recommendations contained therein;

THAT, the Rongelap Atoll Local Government Council hereby requests the Government of the Republic of the Marshall Islands to immediately enter into a contract with P&D Technologies, Inc., pursuant to Title I, Section 103(i)(2) of the Compact of Free Association Act of 1985, for the comprehensive and independent study of the effects upon Rongelap Atoll and the Rongelap people that have resulted from the U.S. atmospheric nuclear testing program, which study shall include full implementation of P&D's Report "Making Rongelap Habitable";

THAT, pursuant to Section 103(i)(2) the Government of the Republic of the Marshall Islands is hereby called upon to request immediate funding by the Government of the United States of the aforementioned Phase 2 Comprehensive Study; and

THAT, the Senator of Rongelap hereby transmit a copy of this Resolution, together with the P&D Report "Making Rongelap Habitable", to the President of the Republic of the Marshall Islands, to the Chief Secretary, Government of the Marshall Islands and the Speaker of the Marshall Islands Nitijela.

Dated the 13th day of April, 1989, at Honolulu Hawaii.

Council Members' Signatures

Richmon Relbal
Jotai Lum
Leo Bacca
Hans Kebelul

I hereby certify that Resolution No. 19 was duly passed this 13 day of April, 1989, in accordance with the Rongelap Atoll Local Government Constitution.

Willie Mwekto
Willie Mwekto, Mayor

STATEMENT OF DR. HENRY I. KOHN

I am Henry I. Kohn, Referee, Rongelap Reassessment Project, whose preliminary (4.20.88) and final Reports (7.22.88; 3.1.89 re-edited) were submitted to the Congress and to the President of the United States pursuant to the Compact of Free Association Act of 1985. Here, it is only necessary to state their major conclusions concerning the habitability of Rongelap Island, which was abandoned several years ago by its residents for fear of being poisoned by the current radiation levels.

There are two central questions.

(1) Two Government Laboratories (Lawrence Livermore, Brookhaven) have obtained discordant results with respect to plutonium dosage by two different methodologies. I believe that one Laboratory was in error primarily owing to the great difficulties of urine sampling, and I am told that the crucial testing of this matter should be completed by the end of 1989. I anticipate that the results will permit adult resettlement of Rongelap Island. I may add that the importation of food to support the resettled population will be as necessary in the future as it has been in the past.

(2) The radionuclide dosage to infants and small children has come into question by the Rongelap People. I believe that additional data-collection on diets would settle this point in a matter of months. My estimates based on Peace Corps data indicated that this is not a problem scientifically.

The tests to meet the requirements of (1) and (2) above should be done and communicated to the Rongelap People in such a way as to be impressive and convincing. By this I do not imply spending millions. I do imply that the tests be aimed directly at the two central questions and be done thoroughly.

Furthermore, direct steps should be taken to inform interested citizens of what is being done to solve their problems -- discussion should not be limited to one or two political leaders and their paid consultants. National Laboratory scientists, DOE personnel and Rongelap officials must be willing to participate in such efforts in an appropriate way.

In addition, although other islands in the Atoll are outside the assigned scope of this project, I have taken the liberty of emphasizing that studies and planning for them be kept quite separate from those for Rongelap Island itself, so that return to Rongelap Island will not be delayed. An additional project would center on several larger islands which were more heavily contaminated than Rongelap Island, but which are not customarily inhabited. There are, of course, many smaller islands, but these are of secondary interest since they preumably lack water and have never been a significant source of food.

RECENTLY ENACTED PROCUREMENT LAW

Senator JOHNSTON. Thank you very much, Mr. Secretary.

On the Rongelap problem, as you know, we put in $2 million last year to study that problem. I think that study is going to be in May or June of this year—I think, in about 1 year, I think. We will have to analyze those results, of course, before we can really suggest what we ought to do with that.

I understand you have enacted a procurement law but that the regulations are a little slow in development. What can you tell us about that?

Mr. DE BRUM. That is correct, sir. The legislation has been enacted now, the implementing clause to the legislation. The minister

of finance has been given responsibility to come up with the rules and regulations of the implementation.

That has been slow, but we were informed that within a very short time that will come about and we can implement the procurement procedures.

Senator JOHNSTON. Well, thank you very much, Mr. Secretary. We are always glad too hear from the Republic of the Marshall Islands, and we wish you continued success.

Mr. DE BRUM. Thank you, sir.

Senator JOHNSTON. Thank you, gentlemen.

REPUBLIC OF PALAU

STATEMENT OF KUNIWO NAKAMURA, VICE PRESIDENT, REPUBLIC OF PALAU

INTRODUCTION OF ASSOCIATES

Senator JOHNSTON. Next we have the Republic of Palau, the vice president, Kuniwo Nakamura, will make the presentation.

Mr. NAKAMURA. Thank you very much, Mr. Chairman. If I may, I would like quickly to introduce the members of the unified Palau delegation to this hearing. At my extreme right is Delegate Fidel Otel, Chairman of the Foreign Affairs Committee of the House of Delegates. At my immediate right is Senator Panii Masauginar, who is Chairman of the Senate Ways and Means Committee.

Senator JOHNSTON. Welcome, Senator.

Mr. NAKAMURA. At my left is Mr. Koichi Wong, our national planner.

Senator JOHNSTON. Nice to have you, gentlemen.

Mr. NAKAMURA. Mr. Chairman, if I may, I have a very brief summary statement that I would like to read for the record. I assure that it is going to be very brief.

Mr. Chairman and distinguished members of the subcommittee, I would first like to thank you for this opportunity to testify concerning appropriations for the Republic of Palau for the coming fiscal year 1990. I bring warm greetings from our newly elected president, Ngiratkel Etpison and all the people of Palau as well as the leadership of the Palau National Congress. They too would like to extend thanks for giving us this privilege.

My remarks today represent the unified views of the Government of Palau, the legislative and executive branches. In the event that the Compact of Free Association between the United States and Palau is not implemented during this fiscal year 1989 and the period of trusteeship continues for another year, Palau requests a total appropriation in the amount of $85,316,000 for fiscal year 1990.

BUDGET REQUEST

Mr. Chairman, this figure represents $18,550,000 for the operations and $66,666,500 for capital improvements. The amount requested for operations represents an increase of $4,550,000 over what was appropriated last year. As the reports prepared by my staff indicate, this increase would cover such items as medical supplies, school textbooks, seed money for economic development loan fund, and other vital operating needs.

HOSPITAL

Mr. Chairman, by far the greatest priority of our republic is completion of the Palau national hospital. This is a new project. I need not recite to you the unpleasant details concerning the existing national hospital. Congressman Udall, Congressman de Lugo, and Secretary of the Interior Lujan, all of whom recently visited Palau, can attest to the inadequacy of the existing facility. The Congress itself previously indicated its understanding that a new hospital must be built.

The real question then is the amount of funding that would be necessary to complete the project. I believe that the report that we have submitted to you illustrates that our request for additional funding in the amount of $14,255,000 for this project is very reasonable. The hospital that we have planned and begun building will not be lavish or gold-plated. It will serve Palau's 15,000 citizens adequately and, more important, for generations to come.

Therefore, Mr. Chairman, a one-time appropriation of $14,255,000 to complete this facility will enable Palau to undertake the necessary planning and contracting and will ultimately be more economical than piece-meal funding or construction of an inferior facility.

We understand, Mr. Chairman, the subcommittee's constraints in this era of Gramm-Rudman-Hollings, but in the long run both our countries will benefit from construction of an adequate and durable health facility.

The remaining CIP requests concern repair of deficiencies in infrastructure built under the auspices of the United States and the Trust Territory Government, completion of ongoing CIP projects, and new CIP projects. I will not discuss this in detail, but we regard this as obligations of the U.S. Government under the trusteeship.

PREPARED STATEMENTS

Mr. Chairman, my staff has prepared a detailed breakdown and justifications which we have already submitted to you with our fiscal year 1990 budget request, and we would be happy to answer any questions that you might have regarding that request.

I thank you very much, Mr. Chairman.

[The statements follows:]

immediate concern and the subject of a Federal court order. This request is consistent with the increased emphasis on law enforcement programs, particularly stemming the flow of illegal drugs.

Recent actions by the government of the Virgin Islands indicate a desire to undertake an ambitious program of capital improvements through a combination of financing methods. We have been working with the government over the past several months on the terms and conditions of a guaranteed loan from the Federal Financing Bank in the amount of $70 million. The loan has not been consummated, although we believe most of the major issues have been resolved.

Technical Assistance Program

We are requesting $2.2 million for the technical assistance program. This program, now in its seventh year, has provided a wide array of assistance to the insular areas through more than 600 grants and cooperative agreements. Over this period, we believe that we have achieved a fair distribution of funds among the insular governments and among the various categories of assistance.

Maintenance Assistance Program

The maintenance assistance program is a five-year budget initiative being proposed by the Administration in the amount of $2.5 million for 1990. This new program is intended to encourage the United States insular areas to implement cost effective programs for regular maintenance of capital infrastructure, rather than rely on costly renovations and replacement construction. In order to be effective, such a program requires a strong commitment from the individual government involved. The program proposed, therefore, will require a local matching of funds equal to that of the Federal grants and special assistance that will be offered. When in place, we expect the program to help stem the deterioration of federally funded capital infrastructure, which is so necessary to the proper functioning of each insular area.

Office of Territorial and International Affairs

For salaries and expenses of the Office of Territorial and International Affairs, we are requesting $2.9 million. This is a decrease of one position and $80,000 from our current level. We believe that greater office efficiency is possible and essential if we are to provide an example to the insular governments. Our level of service should not be affected.

Trust Territory of the Pacific Islands

This appropriation has traditionally provided a range of support to fulfill United States trusteeship responsibilities for all the Micronesian jurisdictions that once comprised the Trust Territory.

The Republic of Palau is the last island group that remains in the Trust Territory. The budget request assumes that the remaining obstacles to Palau joining the Republic of the Marshall Islands and the Federated States of Micronesia as sovereign nations in free association with the United States can be overcome during 1989. We, therefore, request no funds for the Republic of Palau within this account, but rather are budgeting for Palau under the Compact of Free Association account.

STATEMENT OF KUNIWO NAKAMURA

Mr. Chairman and distinguished Members of the Subcommittee, I would first like to thank you for this opportunity to testify concerning appropriations for the Republic of Palau during Fiscal Year 1990. I bring warm greetings from President Ngiratkel Etpison and from the leadership of the Third Olbiil Era Kelulau, and they too thank you for this opportunity.

As you know, I am appearing in my capacities both as Vice President of Palau and as Chairman of the Palau Commission on Future Palau/United States Relations. The Commission has wide and bipartisan representation in Palau. Therefore, I would like to assure you that my remarks today represent the unified views of the government of the Republic of Palau, legislative and executive.

The U.S. Department of the Interior has submitted to you a second-year budget under the Palau Compact of Free Association on the assumption that the remaining problems in the Compact approval process and the implementing legislation would be resolved in Fiscal Year 1989. There is no need, therefore, to repeat the Palau Compact funding request.

In the event that the Palau Compact is not implemented in Fiscal Year 1989, and the period of trusteeship continues for another year, Palau requests a total appropriation in the amount of $87,299,000.00 for Fiscal Year 1990. This total breaks down into $18,550,000.00 for operations and $68,749,000.00 for capital improvements.

The amount requested for operations represents a $4,550,000.00 increase over the amount appropriated in Fiscal Year 1989. The breakdown of this increase is as follows:

(1) $250,000.00 for medical supplies. This sum will enable Palau to purchase prescription drugs necessary for medical purposes and have them available when needed.

(2) $400,000.00 to cover incremental annual pay increases for permanent employees of the Palau National Government.

(3) $1,680,000.00 to provide a 12% across-the-board wage increase for national government employees, so that the average salary levels of government employees will be commensurate with wage levels of employees performing similar work in the private sector. More and more, the Palau National Government is losing able school teachers and mid-level management people who decide to leave Palau for better employment opportunities and better salaries in Guam, CNMI, FSM, and the Marshalls. The amount requested will help Palau retain qualified persons in the government service.

(4) $140,000.00 to purchase school textbooks. The Palau National Government operates 24 elementary schools and one high school. These schools have a total enrollment of 2,870 pupils. Palau government spends a little over $900.00 per student per year. If this request is granted, the Palau national government will replace and update the school textbooks in Fiscal Year 1990 and every three years thereafter, using funds to be generated locally through taxes and other revenue sources.

(5) $120,000.00 to implement a position reclassification program within the Palau National Civil Service System. In a recent evaluation of the Palau Civil Service System, a consultant recommended that the system be updated, with certain positions downgraded and others upgraded. Since most of the necessary downgrading will have to be effected through attrition, the net effect of the program will mean a budget increase of $120,000.00 for the whole fiscal year.

(6) $500,000.00 to renovate and repair elementary and high school buildings. The building structures for the elementary and high schools in Palau have suffered deterioration and disrepair due primarily to lack of maintenance funds. The amount requested will be used to repair leaking roofs and ceilings, retiling of floors, and repairs of windows and doors for many of these school buildings.

(7) $160,000.00 to repair the outlying medical dispensaries. Health delivery care in the outlying areas in Palau depends primarily on medical dispensaries, manned by paramedical personnel and nurses. While some dispensaries are in better condition than others, the amount requested will enable the Government to undertake the needed repairs now, rather than wait until many of them reach a stage beyond repair.

(8) $750,000.00 to provide seed money for the economic development loan fund. The need to develop and strengthen the private sector of Palau's economy is readily and widely recognized. An economic development loan fund administered by the Palau Development Bank will contribute in some small way to expanding an economic base for Palau.

(9) $200,000.00 to cover the costs and contingent expenses of the Commission on Future Palau/U.S. Relations.

(10) $200,000.00 to conduct a political education program in connection with the pending Compact of Free Association between the United States and Palau.

(11) $150,000.00 to hold a referendum on the Compact of Free Association.

The Commission on Future Palau/United States Relations was established in early January of this year to address whatever remaining issues there may be in the political status negotiations between Palau and the United States and the necessary measures that will need to be taken by both sides to authorize the entry into force of the Palau Compact of Free Association.

The fund requested includes the cost of the Commission in carrying out transitional matters after the Compact referendum.

The fund requested for a political education program on the Compact of Free Association contemplates a thirty (30) day period preceding the referendum on the Compact. The fund being requested for the Compact Referendum is based on the experience of previous Compact referenda.

As I indicated earlier, the above figures constituting increases in the cost of operating our government do not include other increases in such costs. An anticipated increase in the price of fuel, the cost of materials and supplies, the cost of the retirement program, and other expenses is expected to be absorbed through locally raised revenues.

The more significant component of our request is the amount allocated to Capital Improvement Projects (CIP). These CIP figures are categorized in two ways: First, they are broken down by particular project ranked in the order of our priority. Second, and more significant, they are broken down into the following categories: (1) correction of deficiencies in existing infrastructure built under the "five-year CIP program" and under previous Trust Territory projects; (2) completion of on-going or "near term" CIP projects; and (3) new CIP projects.

What is common and essential to these CIP requests is that they should be considered pre-Compact obligations of the United States. It is important that these trusteeship obligations be fulfilled prior to any change in status.

Hospital. By far the greatest priority of the Republic is completion of the Palau National Hospital Project. As has been amply documented elsewhere, construction of a fully furnished and fully functional hospital has long been a dire need in Palau. Congressman Morris Udall, Chairman of the House Committee on Interior and Insular Affairs, Congressman Ron de Lugo, Chairman of the House Subcommittee on Insular and International Affairs, and Secretary of the Interior Manuel Lujan, all of whom recently visited Palau, can attest to the inadequacy of the current facilities. As far back as 1977, recommendations have been made that Palau build a new, modern health care facility to replace the existing but deteriorated and inadequate McDonald Hospital.

Accordingly, Palau over the years has submitted its requests to the U.S. Congress for funds to build a new hospital to replace McDonald Hospital. These requests have ranged annually from a low figure of $16 million in Fiscal Year 1985 to a high figure of $19 million in Fiscal Year 1988.

By the time the U.S. Congress finally appropriated $4.2 million in Fiscal Year 1986 and $5.3 million in Fiscal Year 1988 for these purposes, it had become vitally necessary to construct the new hospital at a different site than the old McDonald Hospital site. Unfortunately, the need to build the new hospital on a different site has meant an increase in the cost of the medical facility; the cost increase, however, is more than offset by the permanency, quality, and durability of the structural elements, materials and equipment. At the same time, this hospital is in no way a "gold-plated" facility. It is designed to serve the basic medical needs of the people of Palau.

Construction of the first phase of the hospital project is well underway. An additional $14,255,000.00 is necessary to complete construction, and this amount forms part of our CIP request.

Deficiencies of Past Projects. Our next request for financial assistance is to correct deficiencies in infrastructure built by the United States under the "five-year CIP program" and earlier capital improvements built in Palau by the Trust Territory Government. As this Commission knows, the report submitted by Louis Berger International, Inc. estimated the cost of correcting these deficiencies in U.S.-built infrastructure in Palau to be between $7.2 million and $9.7 million. Our budget request to correct infrastructure deficiencies comes to $9,642,000.00:

Major CIP Deficiencies Correction Costs

1.	Koror-Babeldaob Bridge	$1,475,000.00
2.	CIP Roads	4,137,000.00
3.	Water Systems	670,000.00
4.	Sewage System	1,377,500.00
5.	Koror School Complex Roofing	1,300,000.00
6.	Koror-Airai Transmission & Distribution System	682,500.00
	Total Cost	$9,642,000.00

These items represent obligations under the trusteeship that cannot be said to have been fulfilled until defects in the original planning, management, and construction have been remedied. Such deficiencies include: inadequate scoping of projects, as with the Koror-Airai water system, which was not sufficiently constructed to account for the growing residential population of the Koror-Airai area; infrastructure defects, such as with the Koror-Babeldaob Bridge, which links Babeldaob to Koror, the capital center and commercial/economic hub of Palau; and failed contract management, as with the Koror-Airai paved road and Koror Sewage System.

Ongoing and Near-term Projects. Apart from the hospital,

mentioned above, this category includes continuing construction of water systems for the 5,000 residents of rural Palau. Only 4 of the 14 village water systems that have been designed could be built thus far, due to lack of funding. Including the hospital request, the funding request for ongoing projects totals $20,200,000.00.

New CIP Projects. The remainder of the CIP requests concern new projects that are essential to Palau's ability to serve its people. As the detailed breakdown of our budget request indicates, many of the projects requiring funding are in a real sense extensions of projects undertaken in the past. They are indispensable priorities selected from a much longer list of necessities for the people of Palau. The items include improvements to the capital center's water system, construction of necessary sewage lines and a sewage treatment plant expansion, electrification of Palau's rural areas on the island of Babeldaob, and electrification of the outer islands of Kayangel, Tobi, and Sonsorol. These new CIP Project requests come to a total of $38,907,000.00.

Mr. Chairman, I am aware that few, if any, members of your subcommittee need to be persuaded that these are vital needs in Palau. Nor do we, in Palau, need to be convinced that these are difficult years of budget constraints and austerity in the United States as elsewhere. What we must not lose sight of is the historical obligations of the United States, the realities of these years of turmoil for Palau and the meaning of the term "Trusteeship." We should not and cannot overlook the needs pursuant to this Trusteeship, even as we consider changes to our relationship.

My staff has prepared the detailed breakdown and justifications of our Fiscal Year 1990 budget request, and we would be happy to answer any questions you may have regarding the Palau budget request for Fiscal Year 1990.

STATEMENT OF TOMMY E. REMENGESAU, JR., AND PETER SUGIYAMA, MEMBERS, SENATE OF PALAU

This testimony is offered in support of the budget request for government operations and capital improvement projects submitted on behalf of the unified leadership of the Republic of Palau. The Senate fully endorse the substance and specifics of this request, and would like to offer some general comments regarding the United States funding to Palau.

While it appears that the United States government is expeditiously proceeding with legislation providing for the implementation of the Compact of Free Association, the approval process in Palau is not expected to be so speedily accomplished. In an attempt to build a consensus, a Commission was established to study the future political status issue. The Commission's tasks include a thorough review of the Compact itself, United States implementing legislation, subsidiary agreements, and many other matters. The Commission is mandated to submit its report and recommendations by September 30 of this year, and action on the Compact may be expected at some time subsequent to that date. This process has been formulated to assure the success of a seventh Compact referendum when it does take place, and in accordance with the National government's position to seek approval of Compact implementation by the 75% majority vote required by our Constitution.

During this period that the final details of the political status issue are being resolved, the obligations of the United States government to Palau under the Trusteeship Agreement for the Former Japanese Mandated Islands remain in full force and effect. Among these obligations is that of "promoting the economic advancement" of the people of Palau. We regard the fulfillment of this obligation as vital to our struggle to develop our nation towards economic self-sufficiency, an objective that has not been remotely approached in more than forty years as a trust territory.

As you are well aware, the Department of the Interior has declined to request any funding whatsoever for Palau for Fiscal Year 1990. In view of the ongoing activities of the political status Commission and related events in Palau, it is very conceivable that the seventh referendum and subsequent Compact implementation may not occur until well into the next fiscal year.

For this reason, we believe that it would be highly desirable to have Palau's funding needs addressed in the Fiscal Year 1990 budget as opposed to deferring consideration until some later time. This will preclude the prospect of Palauan leaders returning to Washington to appear before you once again to plead for a supplemental appropriation to ameliorate a financial crisis brought on by the failure of our people to approve the Compact in accordance with a timetable imposed by the United States government. It also will enable Palau government to prevent a recurrence of the massive employee layoffs and related demonstrations, violence, and social upheaval that were instigated by the last financial crisis. If the Compact is implemented during Fiscal Year 1990, appropriate adjustments could be made to Palau funding to reflect this change in status. This would be a far more acceptable approach, and would avoid

the appearance or actuality of undue United States financial pressure upon Palauans to approve the Compact prior to the resolution of the political status issue in accordance with our laws and Constitution.

Our review of the proposed funding for capital improvement projects indicates that Palau finds itself in the position of negotiating for development commitments that should be fully and readily realized as part of United States Trusteeship obligations. A prime example of this is funding for a new hospital, which is our highest priority. The present Palau hospital has long been widely acknowledged to be substandard and inadequate to meet the needs of our people. The United States is obligated to address this need, as was done for other Trust Territory entities. Yet Palau finds itself being asked to put up matching funds in order to obtain the money necessary to complete this badly needed project. We have been requesting funding for a new hospital for years, and every refusal or delay on the part of the United States government has resulted in a higher cost for this facility. We urge that the balance of the necessary funds be appropriated for this fiscal year so that no further costly delays will occur.

We also ask that you very carefully consider the enormous benefits which Palau presently reaps from various diverse federal programs and technical assistance provided by your government. These have an immeasurable positive impact on the lives of our people, but most will be phased out or discontinued when the Compact is implemented. We are fearful that this process will be a difficult one, particularly having had the opportunity to observe the experiences of the Marshall Islands and the Federated States of Micronesia in this regard.

Therefore, we urge that Palauan eligibility for these programs and assistance be continued into the Compact period to the maximum practicable extent. This will ensure continuity between the pre- and post-implementation times and that social and living conditions in Palau will not decline during the transition to free association status.

Finally, we request that you reinstate the Economic Development Loan Fund (EDLF) program or similar program of low interest loans. During the time when EDLF loans were available to Palauans, these provided a tremendous stimulus to the development of our local economy. At the present time, much of the capital being invested in Palauan ventures is coming from foreign nations other than the United States. We believe that a development loan program would promote a closer relationship between the Palau and United States business communities that would benefit the interests of both of our nations.

Thank you for your consideration of these matters.

Sincerely,

Roman E. Renengesau, Jr.
Chairman, Senate Committee on
Ways and Means

Peter L. Sugiyama
Senate Floor Leader

Senator JOHNSTON. Thank you very much, Mr. Vice President.

I am very concerned about Palau's status as I add up the steps that have to be gone through. It seems to me that it would be impossible to do all of those steps within 5 months, which is the expiration date of that legislation, which means that basically the compromise which we all agreed is pretty much out the window, we would have to come back with another one.

You have been here throughout the day and you have heard what we have been telling all of these witnesses, which is that we have simply got to face the music as far as our funding is concerned. Things are not as they used to be. I have been in the Senate here, this is my 17th year, and it has never been quite as tight as it is now.

I think that a message you should take back is that there is really no advantage in delay. I mean we will continue to consider Palau's needs on an annual basis, but it cannot be on a rich basis, because we are simply not rich.

I am going back up to the Budget Committee. I understand we have a group of votes at 3:15. And we are dividing up the misery up there. So, all of us have got to share a little bit in that lack of funds.

I hope Palau can get its internal politics together. I know that you have got very strongly held opinions which differ diametrically and it's hard to pull all the groups together for your elections. But I want to wish you the best because it seems to me the sooner you can do that and get that money which has been appropriated and is on the table, the better off Palau will be.

Those who think delay will enhance Palau's position or that we will continue to up the ante I think are deluding themselves because I think we have already stretched as much as we can for Palau. When you look at the other territories, I think that the Palau arrangement was probably the best of all in terms of funding.

So, I hope you will take that message back and I hope that we will be able to get the Compact approved very soon and that we can get permanent funding on the way to you. In the meantime, we will do the best we can with very scarce dollars.

Thank you very much, Mr. Vice President. We are delighted to have you here.

Mr. NAKAMURA. Thank you, Senator.

I just want to point out that Palau for the first time—the leadership of Palau—for the first time is quite united on the issue of the Compact. So, we have no intention of delaying the Compact. It is quite obvious that whatever delays that may result, it would work to our disadvantage.

So, right now we are meeting with the State Department. I have a small delegation of the commission with me this time, and after the meeting with the State Department officials, we will be discussing the proposed subsidiary agreement to House Joint Resolution 175 that will implement the Compact.

Senator JOHNSTON. Well, I am delighted to hear that.

Mr. NAKAMURA. However, Mr. Chairman, you know, the people of Palau have tried to ratify the Compact six times and failed six times. The chances, if we don't do it right this time, our chance is it's going to fail again. So, we want to make sure that everything is addressed, hopefully, so that the passage of the ratification of the Compact is enhanced. But again, we have every intention of trying to speed up the process.

Senator JOHNSTON. Well, I am delighted to hear that, Mr. Vice President. I hope you are successful.

Mr. NAKAMURA. Thank you, sir.

Senator JOHNSTON. Thank you so much.

DEPARTMENT OF THE INTERIOR

OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS

STATEMENT OF DAVE HEGGESTAD, DIRECTOR FOR BUDGET AND TECHNICAL ASSISTANCE

PREPARED STATEMENT

Senator JOHNSTON. Finally, we have the Office of Territorial and International Affairs, with Dave Heggestad, Director for Budget and Technical Assistance.

Mr. HEGGESTAD. Good afternoon, Mr. Chairman.

I realize we are last, but we have a written statement which tends to summarize our budget.

Senator JOHNSTON. We have that.

Mr. HEGGESTAD. It has been mentioned throughout the day. I am more than willing to dispense with another summary and just answer your questions if that is your preference.

Senator JOHNSTON. Yes; thank you very much.

[The statement follows:]

STATEMENT OF DAVID H. HEGGESTAD

Mr. Chairman and members of the subcommittee, thank you for inviting us to discuss the fiscal year 1990 budget for territorial and international affairs.

The programs falling within the Department's insular activities are included in the residual freeze category of the President's fiscal year 1990 budget plan. Final decisions concerning programs in this category are to be determined through negotiations between the Administration and the Congress. Accordingly, the 1990 budget estimate of $349.8 million, which reflects President Reagan's budget request, should be treated as a starting point, pending the outcome of such negotiations. The 1990 estimate includes $248.2 million in permanent appropriations for the compacts of free association and an estimated $70 million for advance payments of Federal tax collections on Guam and the Virgin Islands. The request for new budget authority is $101.6 million. My discussion will deal primarily with new appropriations.

Administration of Territories

The Administration of Territories appropriation provides direct financial assistance for the United States territories of American Samoa, Guam and the Virgin Islands and for the Commonwealth of the Northern Mariana Islands. It also includes funding for salaries and expenses of the Office of Territorial and International Affairs and funding for related program support for the insular areas, such as technical assistance and a proposed new maintenance assistance program. The total request for the Administration of Territories account is $70.7 million.

Guam

We are requesting $4 million in assistance for Guam. This includes direct grant assistance of $2.5 million and a $1.5 million loan subsidy paid to the Federal Financing Bank in accordance with Guam Power Authority loan legislation.

Guam is still experiencing a period of rapid development and economic growth. This growth places a tremendous strain on the physical infrastructure of the territory, but also yields increased government revenue for addressing these problems. Problems of timing are sometimes more difficult to overcome than problems of finance. For example, Guam is working out financing arrangements for up to $53 million for badly needed water system improvements. But, until those projects are completed, development will be hindered and service will suffer.

By establishing rational user fees and exercising fiscal restraint, Guam is in a position to address most of its infrastructure needs. Guam ended fiscal year 1988 with a surplus for the year of $25 million, so there is ample evidence of the government's ability to prudently and effectively manage its fiscal affairs. However, Guam is still wrestling with a deficit of approximately $60 million accumulated over the years.

We are requesting $2.5 million in direct grants for Guam in two problem areas. We are proposing $2 million to begin a program of control and eradication of the brown tree snake. An estimated 4.5 million snakes now populate the island. They have upset the balance of nature by seriously diminishing the bird and lizard

populations. The snakes are causing numerous power outages and damage to power distribution equipment. They are a health and safety threat to visitors and residents and they seriously hinder agricultural production. We are working with the Departments of Defense and Agriculture, the Fish and Wildlife Service and the local government to develop a control and eradication program. Only a joint effort will resolve this problem and our $2 million request will provide a major impetus to establishing an effective program.

We are also requesting $500,000 for combatting the growing cancer of illegal drug use and distribution. This request is consistent with the 1988 drug act and the national desire to resolve this problem.

American Samoa

For American Samoa, we are requesting $23.3 million in total financial assistance. This includes $20.8 million in general operations support. Local revenue has been increasing in American Samoa in recent years, but has not kept up with local expenditures. We believe that the increase in local revenue has been more than sufficient to offset inflation and increase the quality of government. We will strongly support efforts to streamline the government, but cannot support increased grants for a bigger government.

We are also requesting $2 million for continuing improvements to the water systems. These were the government's highest priority and no local or alternative financing is currently available. We are pleased with the initiative to shift water systems operation and maintenance to the American Samoa Power Authority. With this initiative, we anticipate significant improvements in revenue collection and management of the power and water systems.

We are also requesting $350,000 for drug enforcement activities. Significant improvements have been made in American Samoa's law enforcement capability and we would like to encourage and assist them in their effort to combat illegal drugs.

Commonwealth of the Northern Mariana Islands

We are requesting $33.8 million for the Commonwealth of the Northern Mariana Islands. This is consistent with the multiyear funding agreement and the schedule of payments included in Public Law 99-396.

We could not be more pleased with many of the events that have taken place in the Commonwealth during the past year. The seven-year plan has been completed and approved, and represents an excellent framework for defining infrastructure needs. Implementing agreements have also been completed that define specific project requirements and free-up cash for the Commonwealth's use. Work is in progress and vital organizations such as the Development Authority and the Commonwealth Utilities Corporation are gaining credibility and management expertise. Like Guam, capital improvements in the Commonwealth have not been able to keep up with public and economic development demands. Timing is a greater immediate problem than planning or financing. Also like Guam, the Commonwealth government experienced a budget surplus in fiscal year 1988 -- $11 million.

U.S. Virgin Islands

We are requesting $2.0 million for the United States Virgin Islands in order to improve the capacity and condition of prison facilities. The poor condition of the facilities is a matter of

Trust Territory Operations

We are requesting $300,000 for our Trust Territory transition office to clear up the last administrative responsibilities associated with more than 40 years of trusteeship responsibilities.

Trust Territory Deficit

One of the remaining issues that must be resolved is the Trust Territory deficit. The history of the deficit goes back to the 1970's when the Trust Territory Government incurred obligations of approximately $18 million in excess of the direct grants from the Department. Available from a 1988 appropriation is $5 million that can be used to lower the deficit. We are proposing for 1990 an additional appropriation of $3 million. In addition, the fiscal year 1989 appropriations act allows the Department to use any remaining balance from funds appropriated for Palau operations, should their Compact of Free Association be implemented during 1989.

Compact of Free Association

Most of the funds required to meet the United States obligations under the Compacts of Free Association were permanently appropriated in 1986. Total estimated permanent appropriations required in fiscal year 1990 are $178.2 million. This includes second-year Compact funding for Palau of $18.8 million, and fourth-year funding for the Marshall Islands of $65.7 million and the Federated States of Micronesia, $93.7 million. The estimate for the Marshall Islands includes $22 million, which was permanently appropriated in 1989 for the Bikini Resettlement Trust Fund.

Each year, we seek new budget authority to pay for the continuation of certain Federal services guaranteed under the Compact of Free Association, and to provide block grants to the governments for health and education assistance. The request for new 1990 budget authority is $27.6 million.

For health and education grants, the Federated States of Micronesia will receive $7 million, the Marshall Islands $3 million, and Palau will receive $4.9 million. The remaining $12.7 million is required to reimburse other Federal agencies for guaranteed services, including foreign service training, education grants for post-secondary students, weather service, postal service, and aviation services. The cost of annual audits for the freely associated governments is also covered by this appropriation.

Mr. Chairman, we believe this budget not only satisfies the need of the Federal government to reduce its deficit, but more importantly, it addresses the most pressing needs of the insular areas.

TRUST TERRITORY DEFICIT

Senator JOHNSTON. Congress appropriated $8.5 million in fiscal year 1988 to begin addressing the outstanding trust territory deficit. Last year, $3.5 million of that funding was reprogrammed to address the financial problems in Palau, leaving $5 million to pay the incoming obligations.

What is the current estimate of the deficit?

Mr. HEGGESTAD. The current estimate is still—total deficit—is still approximately $18 million, of which we have $5 million available. There is $3 million in the President's 1990 budget.

What we are watching closely is the timing on when those payments are going to come due. At this time it looks like we will make it through 1990, given the money we have as well as the money that is in the President's budget.

Senator JOHNSTON. The deficit estimate does not include, as I understand it, contractor claims arising out of construction contracts administered by the Navy officer in charge of construction.

Do you have an estimate of those claims?

Mr. HEGGESTAD. There is a wide variation. We have the Army Corps of Engineers doing a study themselves. That should be completed in June. I have seen estimates ranging from $2 to $11 million.

Senator JOHNSTON. I realize that OTIA is still awaiting formal announcement of a candidate for the post of Assistant Secretary for Territorial and International Affairs. In fact, the Senate is still waiting so the confirmation proceedings could begin.

EVALUATION

I understand that Secretary Lujan has requested an evaluation of the Office of Territorial and International Affairs. There are some of us who hope that that reorganization occurs. As you know, we have spoken on that. I have spoken on that a number of times.

What is the status of the evaluation?

Mr. HEGGESTAD. The evaluation is ongoing. It is being done in the Secretary's office. The hope, as it has been characterized to me, was to have that completed before we have the new Assistant Secretary onboard. So, that would mean in the next 3 to 4 months.

Senator JOHNSTON. Has the Secretary been briefed on that?

Mr. HEGGESTAD. The Secretary has been briefed.

Senator JOHNSTON. All right.

BROWN TREE SNAKE

Turning to the brown tree snake, we have heard Guam testify on that. Would the $2 million effectively eradicate that, or is that just the first step?

Mr. HEGGESTAD. It is my understanding that it would definitely not eradicate the snake, it would merely begin some control efforts and help find a solution that will ultimately eradicate it.

We think, moneywise, the ultimate eradication is dependent upon the Department of Agriculture's declaration of the snake as an agricultural pest, which would allow their funding and programs to enter in and help in the battle.

But, no; this is an interim step.

Senator JOHNSTON. What size problem are we talking about in funding for eradication?

Mr. HEGGESTAD. Anything I say would be speculative. I have been told and heard a figure as high as $20 million.

Senator JOHNSTON. Is this a proper first step? I mean we don't want to waste money until we get a real plan in place. As you know, our funds are very scarce. Should we hold up on this money for right now until we do get some determination by the Department of Agriculture?

Mr. HEGGESTAD. I certainly appreciate your concerns. I have tended to listen to the experts and the scientists, particularly from the Fish and Wildlife Service, who have been looking into the problem.

My feeling is that it is an appropriate step. We would be glad to give you more detail on why we see the appropriateness there.

Senator JOHNSTON. Well, we have funded the Fish and Wildlife for research the last 3 years. What is their recommendation? Do you have that?

Mr. HEGGESTAD. I do not have a formal recommendation from them. But from discussions with them, they strongly endorse our request on the $2 million.

Senator JOHNSTON. Well, we ought to have something from them. I mean, the 3 years or funding, it seems to me before we do this we ought to have a letter not only endorsing that but telling us what the follow-on is. I mean we wouldn't want to spend $2 million and begin a program that fizzles out and that doesn't really control the snake.

Mr. HEGGESTAD. That kind of documentation is available. We will be glad to give it to the committee.

Senator JOHNSTON. We would also want to know that it is possible to eliminate the snake.

[The information follows:]

RESEARCH PLAN TO CONTROL THE BROWN TREE SNAKE ON PACIFIC ISLANDS

The serious nature of the problems caused by the brown tree snake, the present lack of technology for snake control, and the complexity of the problem in the Pacific region necessitates a multiyear research project funded at a significantly higher level than previous years. Considerable progress has been made toward outlining the problem, learning about the snake, and defining the potential avenues of research leading toward its control. We have perhaps 20 percent of the information needed to deal with the problem, but continued work and increased funding will allow research to be intensified and new research avenues to be explored (that is, toxicants, biological control, et cetera). Continued budgetary restrictions and interruptions may further delay effective control and allow the problem to become more severe and spread to a much larger geographic area including several islands. The total cost of research on brown tree snake control in the Pacific region outlined below would be about $2.5 million spent over a 5-year period.

The major tasks that remain to be adequately addressed include the following:

(a) Investigation of the biology of the brown tree snake in its native range and determination of the factors that control its populations and allow it to coexist with native bird faunas. Total funding required will depend upon initial results but $200,000 will be needed to adequately explore this problem over 3 years, fiscal year 1990 through fiscal year 1992.

(b) Field studies of population dynamics, behavior, habitat use on Guam and response to prey densities: $250,000 over 5 years, fiscal year 1990 through fiscal year 1994.

(c) Development of an acceptable fumigant for elimination of snakes from aircraft, ships, and cargo destined for other Pacific islands from Guam: $100,000 over 1 year, fiscal year 1990.

(d) Development of an acceptable toxicant and delivery system will be important to the control of snakes in bird habitats on Guam, eradication of snakes in cargo dispatch areas, and elimination of any newly established populations on other islands. The total funding required will depend on the amount of information on secondary hazards and toxicity of the chemicals identified and therefore the amount of research needed to register the substance with EPA for use in snake control: $400,000 to $500,000 over 3–5 years, fiscal year 1990 through fiscal year 1994.

(e) Trap, barrier, and attractant technology will involve both laboratory and field research: $350,000 over 4 years, fiscal year 1990 through fiscal year 1993.

(f) Development of special control techniques, training of local personnel, site inspections, and surveys of high risk areas: $150,000 over 2 years, fiscal year 1992 and fiscal year 1993.

(g) Development of special control techniques for military installations and traffic, training materials, analysis of risks, training of key personnel, and design of initial control on Guam and remote military sites: $200,000 over 3 years, fiscal year 1991 through fiscal year 1993.

(h) Pilot field project attempting to eliminate snakes from a reasonable area of forest capable of supporting one or more of the endangered bird species on Guam. Depending upon successes, each year the area will be increased to maximize value in conservation and recovery of endangered forest bird fauna through reintroduction, habitat management, and monitoring: $600,000 over 3 years, fiscal year 1992 through fiscal year 1994.

(i) Coordination and dissemination of results, data base management, and project planning: $150,000 over 5 years, fiscal year 1990 through fiscal year 1994.

Prepared by: T.H. Fritts, Chief, Biological Survey, National Ecology Research Center, U.S. Fish and Wildlife Service, National Museum of Natural History, Washington, DC 20560, (202) 357–1930, April 25, 1989.

TREE SNAKE PLAN

(In thousands of dollars)

	Fiscal year—					
	1990	1991	1992	1993	1994	Subtotal
Native range	50	100	50			200
Population dynamics	50	50	50	50	50	250
Fumigant	75	25				100
Toxicant	100	150	150	50	50	500
Traps, attractants, and barriers	100	100	100	50		350
Special techniques			75	75		150
Military techniques		80	60	60		200
Pilot control plot			200	200	200	600
Project coordination	30	30	30	30	30	150
Totals	405	535	715	515	330	2,500

BROWN TREE SNAKE

Senator JOHNSTON. We may have some other questions in writing.

Does TIA know what the Department of Agriculture's reaction would be if we cut through the paperwork and simply declared it a pest in some legislative vehicle?

Mr. HEGGESTAD. I really personally can't speculate there. I think, to some extent, one of the problems, at least as it has been characterized to me, is that within the administration we possibly started at too high a level and now we've had to go back and work through the steps, which is what we are doing. I am sure they would accede

to a legislative measure, but how they would react to that, I don't know.

Senator JOHNSTON. All right. I would appreciate it if you would check not only with them but with Fish and Wildlife because $2 million is a lot unless it is spent pursuant to an effective plan and we're doing everything that we could do. I mean it may be that the $2 million is inconsistent with Agriculture declaring it to be a pest or it may be consistent, I don't know. But whatever it is, it ought to be effective if we're going to do it at all, particularly considering that the Guam Government would rather use that money somewhere else.

Are you satisfied that it is enough of a threat to endangered species that we need to do something about it?

Mr. HEGGESTAD. I am, Mr. Chairman.

Senator JOHNSTON. Well, thank you very much, Mr. Heggestad. We appreciate your testimony.

We will have some questions in writing.

ADDITIONAL COMMITTEE QUESTIONS

Senator JOHNSTON. I would like to thank all those witnesses who were here today for being crisp and to the point. We hated to limit your testimony, but my votes up in the Budget Committee start in 3 minutes, so all the timing of the witnesses was exactly perfect.

We will read all of those written statements. We will follow up in some cases with further questions in writing, and would entertain any supplementary comments in writing that anyone would like to have.

So, thank you very much, everyone.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS

ADDITIONAL COMMITTEE QUESTIONS

Micronesian War Claims

Question: In FY 88 and FY 89, a total of $22.7 million was appropriated for resolution of Title I war claims resulting from U.S. actions in the South Pacific during World War II.

During the FY 88 hearing, you indicated that of this amount, $100,000 was dedicated to administering the payments. It is my understanding that the $100,000 estimate was provided by the Division of Fiscal Services in the Office of the Secretary. Has this amount been adequate?

Answer: No. An additional $75,000 was needed to carry out the administration of the war claims payments.

Question: How many payments have been made?

Answer: As of April 19, 1989, 6,594 payments totaling $10,061,233 have been made.

Question: Have the affected governments been helpful in locating claimants and distributing checks as anticipated?

Answer: The local Micronesian governments have been extremely helpful in locating claimants, obtaining needed release forms, and verifying information. They have taken on the responsibility for distribution of the checks locally. Without their dedicated assistance, the settlement of these claims would be much more difficult to accomplish.

Drug Interdiction/Abuse Prevention

Question: You have requested additional funds in FY 90 to initiate a Drug Interdiction/Abuse Prevention program in American Samoa ($350,000) and Guam ($500,000). Can you provide a funding split between the Drug Interdiction and Abuse Prevention?

Answer: No, not at this time. However, both the authorizing legislation (P.L. 100-690) and Departmental regulations require that a specific plan be developed and approved before funds are expended.

Question: What do you anticipate doing with the funds requested for the drug interdiction area?

Answer: We expect the use of drug interdiction funds to be addressed in the governments' drug plans. We have noted that recently the Attorney Generals of the Pacific territories and Hawaii have met to discuss regional cooperation in drug interdiction and information sharing. We support this concept and hope it will be incorporated into the final plans.

American Samoa

Question: In FY 88, $1.0 million was provided for cleanup of hazardous conditions at a fuel tank farm in American Samoa. Expenses above this amount were to come from sources other than the Federal government. Oil from one of these tanks leaked in 1986 near a residential area. What is the status of the facility? Have the tanks been replaced?

Answer: The ASG has used the $1 million appropriated by Congress in FY 1988 to repair the two ruptured gasoline tanks that were endangering the lives of the Gataivai village residents, and the nine families located immediately within the tank farm have been relocated using local revenues.

Question: What is the total amount necessary to make the facility safe and operational and, if above $1.0 million, how do you propose to fund the additional amount?

Answer: The ASG estimates replacement and repair costs of the present tank farm to be $7.2 million. The Department has submitted a report to Congress on the tank farm project. The American Samoa Government is considering a raise in the fuel surcharge to 2 cents per gallon. This would yield approximately $1 million annually in revenues that should be dedicated to tank farm renovation and maintenance, rather than relocation of the surrounding village. Villagers who were living within the construction site have already been relocated. The remaining villagers should not be relocated with Federal funds or tank farm revenues if they are living outside the standard perimeter required for fuel tank farms. The Department also believes that private companies that benefit from use of the storage facilities should be willing to participate in financing options.

Question: Is the Air Force willing to pay any or all of the cost?

Answer: No, not to our knowledge.

Question: How, if at all, were EPA's concerns with respect to the construction of new tanks taken into consideration?

Answer: All new tank construction and improvements to the American Samoa Government's tank farm will be in full compliance with all EPA regulations, including the stationary sources performance standards pursuant to 40 C.F.R., Part 60 and the Spill Prevention Control and Countermeasures Plan under Part 112.

Question: Would you please comment on the fiscal accountability plan which the American Samoa government was to develop in cooperation with your office? At last year's hearing you indicated that the draft plan did not fully address all your concerns. Has it been revised?

Answer: Yes, subsequent to last year's hearing, a revised plan was developed and submitted to the Department and the Appropriations Committees. However, we continue to be concerned with pay raises that were later instituted contrary to the plan. We wrote to Governor Coleman shortly after he took office asking for his comments on how these pay raises could be absorbed. His administration is obviously grappling with this problem. In his prepared testimony at the appropriation hearing, he laid out some new cost cutting and revenue measures. He also asked for an increase in financial support of government operations by the Federal government. We cannot support the requested increase, but have pledged technical assistance to help develop and implement other aspects of his plan.

Question: In FY 88 at the Administration's request, $1.5 million was appropriated for the procurement of heavy equipment and to begin construction of a sea wall for American Samoa. In FY 89 an additional $1.0 million was appropriated to continue this project.

At the FY 89 hearing, you responded to a question for the record by indicating that continuation of the program would be at

the discretion of the American Samoa government and should cost no more than $500,000 annually. What is the status of the construction of the sea wall?

Answer: The Director of Public Works met with the DOI representative in American Samoa two weeks ago to finalize the plan for this project. The Department is concerned with the type and amount of equipment to be purchased in support of this program. In our initial discussions which led to the development of this program, American Samoa's equipment needs were described as very moderate. Since that time, the proposed equipment needs have increased. We have advised American Samoa that all equipment obtained should be dedicated specifically to the program and the Army Corps of Engineers should be asked for advice on the type and amount of equipment to support the program in its initial stage. The training of ASG personnel will be conducted by the Corps in June 1989. The actual construction work is scheduled to begin in August 1989, and should be completed in four months.

Question: Have all of the U.S. government's commitments been fulfilled?

Answer: Yes. A grant for $1.5 million was awarded a year ago. This is a one time appropriation and sufficient funds should be left after equipment purchase to obtain materials for an ongoing program over an extended period of time.

Virgin Islands

Question: You have requested an additional $2.0 million for construction grants in the Virgin Islands (pg. 37). These funds are proposed for the expansion and renovation of prison facilities on St. Croix. The current capacity of the facility on St. Croix is 135; however, it actually houses 175 prisoners. By comparison, the facility on St. Thomas has a capacity of 51 and houses an average of 117 prisoners. Is the design complete for the proposed renovation and expansion of the prisoners?

Answer: No.

Question: If the prison on St. Croix exceeds its capacity by 40 and the prison on St. Thomas exceeds its capacity by 66, why are you proposing to expand St. Croix?

Answer: The Virgin Islands Government already owns ample land adjacent to the existing Golden Grove facility in St. Croix that can be used for the expansion.

Question: Is $2.0 million the total cost of the project?

Answer: Since the design hasn't been completed, the total cost cannot be determined as yet. However, based on their design, Guam is building a new barracks compound to accommodate 90+ prisoners for less than $2,000,000.

Question: What is the contribution of the Virgin Islands' government?

Answer: To the Department's knowledge, the Government of the Virgin Islands has offered no contribution.

Question: For the record, please divide the amount between renovation and expansion.

Answer: It is the Department's understanding that the total amount appropriated will be used toward expansion. The Virgin

Islands has an existing $500,000 grant from the U.S. Marshall Service that will be used toward renovation of the existing Golden Grove facility.

Northern Mariana Islands

Question: In response to a question for the record during the FY 89 hearing, the Administration indicated that local revenues to the Commonwealth of the Northern Mariana Islands increased from $34 million in 1985 to $44 million in 1986 to $52 million in 1987. These increases more than offset the operational decrease from the seven year covenant which began on October 1, 1985.

The increases, however, are not due to improvements in government efficiency. Is the CNMI government doing all it can to improve government efficiency?

Answer: No, but marked improvements have been made in some areas, particularly the development of user fees and more rational rate structures for public utilities. Financial management and reporting have also improved considerably.

Question: What are the local revenues of other territories for the same fiscal years?

Answer: (the information follows)

Territorial Local Revenues
FY 1985-1987 ($000)

Territory	FY 1985	FY 1986	FY 1987
CNMI	34,000	44,000	52,000
Guam	*	204,500	217,700
American Samoa	27,300	26,500	30,200
Virgin Islands	*	*	312,500

* Not available

Question: Why does it appear that the U.S. government has been more successful in the CNMI than in other territories?

Answer: Economic success in the CNMI is a result of a combination of factors including: (1) proximity to the Japanese tourism market and large investment made by Japanese companies in the tourism industry; (2) a multi-year commitment by the U.S. government to provide substantial funds for capital development ($126 million over 7 years); and (3) a strong desire by the government and people of the CNMI to seek and promote development.

Question: Why don't the revenue numbers, provided in response to a question at the FY 89 hearing that I mentioned above, correspond to the revenue numbers on page 47 of the FY 90 justification?

Answer: The revenue numbers provided at the FY 1989 hearing were actual figures. The figures on page 47 of the justifications were the baseline estimates prepared by the CNMI during discussions leading to the current multi-year funding agreement.

Question: Are the numbers used on page 47 of the justification actuals for fiscal years 1986, 1987 and 1988? If not, why not, and what are the actual numbers?

Answer: No, the numbers are estimates developed by the CNMI in 1985. They are presented in the justifications to illustrate how the operating subsidies for the CNMI were developed. Actual revenues have greatly exceeded the estimates as shown below:

($000)

CNMI Local Revenues	FY 1986	FY 1987	FY 1988
Estimated	$30,240	$31,750	$33,340
Actual	$43,234	$52,000	$72,422

Question: As part of the covenant funding, (pg. 46) the Government of the United States is to provide a one-time payment of $1.0 million for the Commonwealth Health Center operational start-up costs, and $500,000 for special technical assistance for developing a plan to fully fund the Government of Northern Mariana Islands' pension system. What is the status of these funds?

Answer: All funds have been expended.

Guam

Question: You have requested an additional $2.0 million for the eradication of the brown tree snake in Guam. These funds are proposed to develop a comprehensive research program to eliminate or significantly reduce the problems caused by the brown tree snake, and to allow for the recovery of Guam's endangered native wildlife species. I understand the problem as well as your efforts to deal with it, but I am curious to know what specific projects you have planned with the snake?

Answer: The plan for the record which includes tasks to be accomplished in 1990 follows:

A RESEARCH PLAN LEADING TO THE ABILITY TO CONTROL THE BROWN TREE SNAKE ON PACIFIC ISLANDS

The serious nature of the problems caused by the Brown Tree Snake, the present lack of technology for snake control, and the complexity of the problem in the Pacific Region necessitates a multi-year research project funded at a signficantly higher level than previous years. Considerable progress has been made toward outlining the problem, learning about the snake, and defining the potential avenues of research leading toward its control. We have perhaps 20% of the information neeeded to deal with the problem, but continued work and increased funding will allow research to be intensified and new research avenues to be explored (i.e. toxicants, biological control, etc). Continued budgetary restrictions and interuptions may further delay effective control and allow the problem to become more severe and spread to a much larger geographic area including several islands. The total cost of research on Brown Tree Snake control in the Pacific Region outlined below would be about $2.5 million spent over a 5-year period.

The major tasks that remain to be adequately addressed include the following:

a. Investigation of the biology of the Brown Tree Snake in its native range and determination of the factors that control its populations and allow it to coexist with native bird faunas. Total funding required will depend upon initial results but $200K will be needed to adequately explore this problem over 3 years. FY-90 through FY-92.

b. Field studies of population dynamics, behavior, habitat use on Guam and response to prey densities: $250K over 5 years. FY-90 through FY-94.

c. Development of an acceptable fumigant for elimination of snakes from aircraft, ships, and cargo destined for other Pacific Islands from Guam: $100K over 1 year. FY-90.

d. Development of an acceptable toxicant and delivery system will be important to the control of snakes in bird habitats on Guam, eradiction of snakes in cargo dispatch areas, and elimination of any newly established populations on other islands. The total funding required will depend on the amount of information on secondary hazards and toxicity of the chemicals identified and therefore the amount of research needed to register the substance with EPA for use in snake control: $400-500K over 3-5 years. FY-90 through FY-94.

e. Trap, barrier, and attractant technology will involve both laboratory and field research: $350K over 4 years. FY-90 through FY-93.

f. Development of special control techniques, training of local personnel, site inspections, and surveys of high risk areas: $150K over 2 years. FY-92 and FY-93.

g. Development of special control techniques for military installations and traffic, training materials, analysis of risks, training of key personnel, and design of initial control on Guam and remote military sites: $200K over 3 years. FY-91 through FY-93.

h. Pilot field project attempting to eliminate snakes from a reasonable area of forest capable of supporting one or more of the endangered bird species on Guam. Depending upon successes, each year the area will be increased to maximize value in conservation and recovery of endangered forest bird fauna through reintroduction, habitat management, and monitoring: $600K over 3 years. FY-92 through FY-94.

i. Coordination and dissemination of results, data base management, and project planning: $150K over 5 years. FY-90 through FY-94.

Prepared by: T. H. Fritts, Chief, Biological Survey, National Ecology Research Center, U.S. Fish and Wildlife Service, National Museum of Natural History, Washington, DC 20560. (202) 357-1930.
25 April 1989

Tree Snake Plan all amounts in thousands of $$	FY-90	FY-91	FY-92	FY-93	FY-94	Subtotal
a. Native Range	50	100	50	—	—	200
b. Population dynamics	50	50	50	50	50	250
c. Fumigant	75	25	—	—	—	100
d. Toxicant	100	150	150	50	50	500
e. Traps, Attractants, & Barriers	100	100	100	50	—	350
f. Special techniques	—	—	75	75	—	150
g. Military techniques	—	80	60	60	—	200
h. Pilot Control Plot	—	—	200	200	200	600
i. Project Coordination	30	30	30	30	30	150
Totals	405	535	715	515	330	2500

Question: Has the Fish and Wildlife Service approved the specifics of the plan?

Answer: Yes, the U.S. Fish and Wildlife Services through the Biological Survey at the Smithsonian Institution has prepared the plan for the Departments and the Government of Guams consideration.

Question: In response to a question for the record during the FY 89 hearing, the Administration indicated that the $5.6 million appropriated in FY 85 for the Guam Memorial Hospital was sufficient to have the facility reaccredited. What is the status of the Guam Memorial Hospital? Is it accredited?

Answer: It is our understanding that it is not yet accredited. We are awaiting an updated status report and financial report from Guam which we requested in February.

Question: Do you agree with the figures in the Governor of Guam's statement?

Answer: We agree that $5.6 million has already been appropriated and that Guam has committed $7.5 million in local funding. The Governor states that "The appropriation of $4.2 million will guarantee a first-class medical facility...". We cannot comment of this amount as we have not seen the scope of work nor the breakdown of cost estimates used to arrive at the $4.2 million figure.

Question: How much has the Federal government spent on this hospital?

Answer: As a result of the FY 1985 appropriations, OTIA awarded a grant for Guam Memorial Hospital improvements in the amount of $5.6 million.

Question: Could you comment on the Governor's request for an additional $4.2 million for the hospital?

Answer: The Federal and local funding ($3.4 million unexpended from the FY 85 OTIA grant and the $7.5 million from Guam) addresses the basic, critical needs and provides GMHA the means to regain its accreditation. Even if the $4.2 million were to be appropriated, it is doubtful that Guam would be ready to proceed until FY 1991, given procurement and other delays that have occurred during the course of the last three years. Therefore, the Department believes that the proposed increase is not justifiable in light of the President's goal to reduce the large Federal deficit. The Government of Guam should seek local sources of funding for the additional remodeling and collateral equipment.

Question: The statement of the Governor Guam indicates that the $2.0 million provided by Congress to rehabilitate a mental health facility has been matched by the Government of Guam and they are moving forward with construction of a new facility. In addition, the total cost of the facility is now estimated to be $7.0 million. They indicate that the additional amount will be requested in future fiscal years. Could you comment on the commitments the Federal government has with respect to this facility?

Answer: In 1987, OTIA granted $2.19 million for a new mental health facility. $190,000 has been obligated for the design which is expected to be completed by October 1989. The remaining $2 million will cover the cost of phase I, the most crucial phase which will provide the most needed segment of the

mental health services. This is the extent of the Federal government's commitment.

Question: What additional amount is the Government of Guam willing to provide?

Answer: The Government of Guam is providing a local appropriation of $1,625,000, of which $1,500,000 will be used toward construction and $125,000 will be expended on collateral equipment.

Question: If nothing, and the Federal government does not provide any additional funds, how does the Government of Guam propose to complete the project?

Answer: The Government of Guam will complete Phase I of the Mental Health project, which is focused on providing a facility to meet existing needs for out-patient services. Future phases will be completed as local or other Federal funding becomes available.

Question: Why and how has this project changed from a $4.0 million rehabilitation project to a $7.0 million construction project?

Answer: The new mental health facility has been designed in phases to allow expansion for future needs. The total $7 million will fund all stages as detailed in Governor Ada's letter of April 20, 1989 to Senator Johnston.

Question: If the facility is being moved to another location, what will be done with the receipts generated from the sale of the land where the old facility was located?

Answer: The Government of Guam does not plan on selling the land. Rather, a lease proposal is being formulated. Proceeds have been slated for debt service for financing of the construction of a new Guam Community College. Immediate proceeds from the lease will be far less than proceeds from a sale.

Question: Specifically, what has been done with the $2.0 million appropriated?

Answer: The design will not be completed until October 1989. None of the $2 million in construction funds has been expended.

Technical Assistance

Question: In FY 82, funding was initiated for a technical assistance program for the territories. The objectives of the program are to provide for a coordinated, cohesive technical assistance program that will improve the entire range of local territorial governmental operations (pg. 53).

Since its inception, over $31 million has been appropriated for this program, and this year you have requested an additional $2.2 million. What were the unliquidated obligations (funds awarded but not yet expended by the insular governments) at the end of FY 88?

Answer: We are submitting information for the record on the technical assistance program. This information provides a list of the on-going projects for each government. Funds have been obligated for these projects but not totally expended.

Question: Does the table on page 55 of your justification indicate obligations of appropriated funds?

Answer: Yes.

Question: Why are you proposing to scale this program back from $5.4 million in FY 89 to $2.2 million in FY 90?

Answer: The proposed $2.2 million budget will allow key elements of the program to continue but will give the Department and the insular ares an opportunity to complete and clear out many projects that have remained active, but not completed, for significant periods of time. This is important for proper administration of the program of over 600 different projects and allows the Administration and the Congress a chance to evaluate the success and future direction of the technical assistance program.

Maintenance Assistance Fund

In FY 89, the Office of Territorial and International Affairs contracted to examine the maintenance programs in each of the insular areas and develop baseline standards for adequacy of maintenance. According to the justification, the review will focus on the physical facilities and their respective maintenance needs as well as administrative practices to ensure proper maintenance procedures and budgeting.

In FY 90, you have requested an additional $2.5 million (pg. 59) to "stimulate improved maintenance techniques and practices." The proposal requires an equal match from the governments obtaining funds for maintenance projects.

Question: What is the status of this study?

Answer: The study has not begun. We are working with the Army Corps of Engineers to develop a "Request for Proposals" that is as specific as possible and addresses individual territorial priorities and needs. To obtain the necessary input from the insular areas, officials from the Corps and the Department are traveling to each government and meeting with political leaders and technical managers. The trip will be completed in late June 1989.

Question: What is the dollar amount of maintenance needs?

Answer: We may have a better idea of total maintenance requirements after the baseline evaluation is completed. We are certain that the figure runs in the ten of millions. This is why we are trying to focus the program on developing good operations and maintenance institutions and proper budgeting and administrative practices.

Question: What has been the reaction of the governments to this program and the proposed match?

Answer: Thus far the reaction has been positive, ranging from "receptive" to "very enthusiastic."

Trust Territory Deficit Elimination

Question: The administration has requested an additional $3.0 million in FY 90 to continue to reduce the Trust Territory government deficit. At the FY 89 hearing it was estimated that the total deficit would probably be about $18 million.

The FY 90 justification, however, states that this figure does not include approximately $4.0 million which may be owed to

other Federal agencies as a result of the final disposition of questioned costs raised in audits of Federal grants.

It also does not include contractor claims arising out of construction contracts administered by the Navy Officer-in-Charge of Construction. Finally, it does not include the $22 million judgement against the Trust Territory government for wage discrimination now under appeal, or other legal actions that have been or may be filed against the United States or the Trust Territory government (pg. 75).

I don't quite know how to express my frustration. I fully understand how difficult it is in a situation like this for an auditor to make estimates that stand the test of time. The $18 million estimate was a "high end" estimate that was probably more accurately stated in the $15 to $16 million range.

Now we are told that number did not include an additional $26 million plus the amount from construction contracts administered by the Navy.

I fully understand that these additions are not directly related to the $18 million construction shortfall, but the additions are still part of the overall Trust Territory operational deficit.

Were the auditors looking at this problem in such a narrow fashion that these additions are a surprise? If not, why wasn't there some indication from the Department as to the magnitude of the problem? I know it is hard to believe, but we do try and plan a little up here.

Answer: Yes, the auditors do look at the problem in a very narrow fashion, but these additional items are not a complete surprise. For instance, the Department has for several years been aware of the class action lawsuit alleging wage discrimination by the Trust Territory government. But because the case was still in litigation and because OTIA had assumed that any judgement would be paid from the U.S. Claims fund at the Department of Justice, if and when Justice became involved in the case, OTIA did not believe it was necessary to involve the Congress in the matter at that time.

Question: When did the Department become aware of these additions? What is the potential liability of the contracts administered by the Navy?

Answer: The Department has been aware for several years of disallowed costs in Federal program grants. We have been working with the concerned Federal agencies and urging them to write-off these costs rather than pursue collections against the Department of the Interior. The Federal agencies have been generally cooperative and sympathetic to our position although official write-offs have not yet occurred. In this particular case, since the Micronesian governments have been exempted from responsibility by the Compact of Free Association (P.L. 99-239), we see no purpose served by appropriation to one Federal agency in order to pay another. The cash position of the U.S. Treasury would not be affected at all.

Question: When was the $22 million judgement awarded and what is the status of the appeal?

Answer: The Navy has been engaged in discussions with contractors regarding claims for several years. Most claims have been settled (approximately $3 million) and paid from residual capital improvement funds. Our understanding is that total outstanding contractor claims are less than $500,000.

There is a class action lawsuit filed by certain citizens in Kosrae on a Navy administered project. The claim is that dredging during construction of the Kosrae airport has resulted in beach erosion and loss of land in a Kosrae village. The Department of Justice has entered into a settlement agreement, whereby damage to property owners is being paid from the U.S. claims fund. Furthermore, the U.S. and the claimants have agreed to an evaluation of the problems and solution to be developed by the Army Corps of Engineers to prevent further erosion. The Corps is expected to make its recommendations by June 30, 1989 and the U.S. has agreed to consider funding in its budget process. Preliminary estimates prepared by private consultants ranged from $2 million to $11 million.

The Temengil judgement was made nearly 2 years ago. The Department of Justice has entered the case and, with the Trust Territory counsel, is appealing the decision. Oral arguments were made this Spring in the Ninth Circuit Court of Appeals. A decision from the appellate court is expected soon. Because the Department of the Justice entered the case on appeal, the Department of the Interior had expected that any award to the claimants would be paid from the U.S. Claims fund. However, the Department of Justice has recently informed OTIA officials that the Trust Territory Government will still be responsible for budgeting and paying any award.

Question: At the FY 89 hearing you indicated that by the end of FY 90, the capital improvement program should be virtually complete. Is that still accurate? If so, doesn't that mean that the funds need to be appropriated in FY 90 to repay the entire deficit?

Answer: No. The Micronesian governments have been moving much slower than anticipated in completing projects. We now expect that several projects will not be completed until 1991. Therefore, the entire deficit does not need to be funded in FY 1990.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

Basic Operations funding:

Question: The American Samoa government is requesting the approval of $23,250,000 from the President's Proposed Budget for FY 1990 and the restoration of the $1,809,000 reduction request by the Department of Interior for government operations Federal funding to the ASG for Basic Operations continues to decrease. Please explain how the Federal Government plans to meet the increasing basic operations needs of the ASG, in light of current budgetary constraints.

Answer: Federal funding for basic operations support to American Samoa has remained relatively constant (approximately $20.8 million) for the past four years. However, during that same period, local revenues have increased substantially, more than enough to offset inflation and population growth. We believe that this provides ample opportunity for American Samoa to exercise self-government and improve their overall economic condition.

Question: The population of American Samoa has grown from 35,600 in 1985 to 38,161 in 1989. More than 50% of the population are below the age of 18 years of age. This makes Education an important program for the American Samoa Government.

Most of the school buildings and school buses are old and in dire need of repair or replacement. From 1985 to 1989 the student teacher ratios has increased from 23:1 to 32:1 respectively. The American Samoa contribution for education services from 1985 to 1989 has increased 96%. The Federal Government's contribution has remained the same for the same period of time. What are the Federal Government's plans to assist the ASG in meeting these educational concerns?

Answer: The distribution of local revenues and the Federal operations subsidy is left entirely to the American Samoa government, through their budget process. We believe the problem is not one of insufficient revenues, but is the result of overexpenditures and poor financial management by the American Samoa government. We believe that self-discipline is essential to self-government, but we will provide technical assistance to improve financial management, to promote government efficiency and to improve tax and revenue collection and administration.

AMERICAN SAMOA

ADDITIONAL COMMITTEE QUESTIONS

FINANCIAL CONDITION

Question 1: What activities were funded with these additional funds?

Answer: As promptly as the additional funds were realized the Governor's Office advised the Department Heads. They, in turn, prepared a supplemental budget request which was compiled by the Budget Office, approved by the Governor and submitted to the Fono for Legislative action. The supplemental requests embodied matters that had been cut from the original budget for lack of funds or were of an emergency nature that had developed following the passage by the Fono of the original fiscal budget. The Fono held hearings, questioned the Department Heads on the requests and subsequently passed the supplemental request. Obviously the requests covered the entire spectrum of governmental operations.

Question 2: What actions has the government of American Samoa undertaken to inform the Congress of actual revenues to allow for timely consideration of this information in the budget process?

Answer: Since these revenues were the result of audits from local businesses, primarily the tuna canning companies it was, and is, difficult to know precisely how much and when the revenue will arrive on island. There is always negotiating back and forth until a final dollar figure is arrived at. Sometimes matters go to court before the payment finally is settled and forwarded to ASG. Due to the unknown time of arrival or amounts to be received the matter is left to the next annual budget submission from ASG to DOI. The information always appears in the early pages of the budget submission under Revenue Summary and then again under Appropriation Summary. To date there has been no attempt to inform the Congress earlier than the next annual budget submission.

TAXES

Question 1: What actions does American Samoa propose to take to adjust for this decrease in local revenues?

Answer: The two percent sales tax was suspended for 120 days effective January 6, 1989. On January 10, 1989, a bill was introduced in the House to repeal the sales tax. On January 24, 1989, a bill was introduced in the Senate to replace the sales tax with a four-percent excise tax on certain imports. Both bills were passed by the House but narrowly defeated in the Senate. Both will be reintroduced during a Special Session which begins May 10, 1989.

Sales tax collections are retained by the retailer-collector and remitted to the government with the filing of quarterly returns within 30 day after the end of each quarter (Jan - March) would not have been received in the government coffers until late April 1989. It was the Governor's hope that the Fono would have within this time repealed the sales tax and enacted an excise tax. An excise tax imposed at the port would place the tax collected in the Treasury immediately upon collection, rather than 30 days after the end of each quarter. Had the Governor's intention materialized it is estimated that tax collections would have increased and revenues made available sooner overcoming any shortfall resulting from the sales tax suspension. However, neither bill passed the Fono with the result that sales taxes which would otherwise have been collected were it not for the suspension have been lost.

Question 2: I understand that there was concern over whether the tax was being fairly and efficiently administered. What steps have been taken to remedy these concerns?

Answer: The sales tax was relatively new and was slowly catching on. When the tax was passed there were no provisions made for additional personnel to administer and enforce the act. As a result many of the small retailers, especially in the outlying areas, either made no effort to collect the tax or collected the tax and made no effort to file returns and remit the collections to the government. Because of the lack of enforcement personnel efforts to obtain a high degree of compliance were somewhat passive and sandwiched between the primary duties of the Tax Division, it has not been able to administer and enforce the income tax laws effectively. Efforts were made to solicit delinquent returns by mail with undesirable results. Following are steps which will be taken to achieve a higher degree of compliance:

1. Accumulate a list from various sources of business liable to collect the sales tax.

2. Prepare mailing lables and send quarterly returns to those businesses shortly before the end of each quarter as a direct reminder that a return is due and that the government is aware of their obligation to collect and remit sales tax. The mailing labels would also be used to mail follow-up notices and other items of interest.

3. Maintain checkoff lists to insure regular quarterly filing.

4. Follow-up on failure to file cases, first through contact by mail then personal contact by a Revenue Officer.

5. From time to time canvas businesses in various areas to determine compliance with the various tax laws (income, employment and sales taxes).

6. On or before the advent of the FY '90 request, additional personnel to administer and enforce the sales tax laws.

7. Develop written procedures for administering the sales tax law. This action will be deferred until such time as it is certain that the law will not be repealed.

This office does not have the computer capability to accomplish the above; therefore, all work is labor intensive.

Questions 3: How does American Samoa propose to increase revenues and/or reduce costs if it is determined that the sales tax should not be reinstated?

Answer: The sales tax was merely suspended for 120 days. That suspension has now expired and therefore question 3 is moot.

Question 4: Have written procedures and instructions for administering the program, and for ensuring accurate and timely reporting and remitting of taxes by affected businesses, been prepared?

Answer: For reasons indicated in the answer to Question 2, the sales tax enforcement was treated lightly by the Tax Division. No internal written procedures or instructions were developed for administering the sales tax law. Sales tax permit holders were furnished a copy of the sales tax act as their authority and basis for collecting and remitting the tax. As with all tax matters, the Tax Office was readily available to assist and advise taxpayers with tax matters.

Question 5: What actions has American Samoa taken to see the government departments do not incur expenditures in excess of available funding?

Answer:

(a) Automatic control features have been incorporated into the computerized accounting system to reject expenditure input when funds are not available.

(b) Governor Coleman has emphasized fiscal discipline during his cabinet meetings and has issued a cost containment policy that has been in effect since he took control of the ASG.

(c) Contingent upon the availability of funds, the supplemental appropriation mechanism is used to correct potential management problems that surface after the annual Appropriation Act has become law.

(d) Enforce the Anti-Deficiency Act.

HURRICANE TUSI

Question 1: What actions will this Administration take to ensure that the people of American Samoa are served adequately in time of emergency?

Answer: The American Samoa Government has enacted laws which provide authority to the Executive Branch to respond to emergencies. As a result, American Samoa has in place an approved Territorial Disaster Plan, a full time Disaster Coordinating Staff, a Disaster Coordinating Council and permanent authorization for seed money to provide an initial response to emergencies.

Question 2: What actions are planned to implement the recommendations

of the special task force, which suggested that there was sufficient evidence to institute criminal proceedings?

Answer: When the new administration first came in on board, this was one of the matters I have asked to see, to wit, the report by the Task Force on FEMA agricultural aspect of it. After reviewing the report, I have questioned some of the attorney staff as to what actions were taken by the last Attorney General, and no one seems to know anything about it. I was told though that the report was given to the then Chief Prosecutor (no longer in the office) and it was his recommendation to file prosecution actions. Why that did not take place, no one seems to know. At the time I first reviewed said report (January 1989), the statute of limitation has already run months ago as all of the recommended criminal actions were misdemeanors. That particular project for the TUSI has long terminated and nothing is going on at the present time.

Question 3: If no actions are planned, how can we expect that fraud and other improprieties will be controlled?

Answer: This office's main mission, amongst others, is to enforce all laws in the Territory by and through the means of prosecution. One of the areas being emphasized in the administration of this office is to concentrate on prosecution of white collar crimes both generated within government operation as well as in the private sector. Any fraud transactions will be dealt with immediately by undertaking prosecution once the case is completed and evidence are readily available.

TANK FARM

Question 1: Why should the Federal Government contribute funds when sufficient local revenues ($500,000 per one cent tax) seem to be available and the Congress has previously indicated that non-Federal funding should be sought?

Answer: The additional one cent tank farm tax produces approximately $500,000 annually. This money is earmarked for relocation of the families living in proximity to the Tank Farm. Further, certain items contained in the storage facility improvement will be borne by ASG. Therefore, funds not used in the relocation project will be pooled for such things as improvements to the terminal building, repaving of the terminal after construction is completed, rebuilding of the oil dock fence as well as other segments of the total project.

Question 2: How much lease revenue does ASG receive for the Tank Farm from the operator?

Answer: Lease revenue from the Tank Farm is computed at 1¢ per gallon throughput. For 1988, that computed out at approximately $575,000 for ASG.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUYE

ON THE ISSUE OF THE TANK FARM

Question 1: What is the position of the American Samoan Government on the issue of selling the tank farm? What kind of issues would have to be resolved before the ASG could sell the tank farm?

Answer: Refer to page two of the attached copy of memo dated April 26, 1989, from American Samoa's Washington D.C. legal counsel to Mr. David Heggestad, OTIA, Department of the Interior.

Question 2: What would the ASG position be on a possible loan from the Federal Government to fund the necessary repairs the ASG is requesting for the tank farm?

Answer: A possible loan from the Federal Government to fund the necessary tank repairs would require changes in the laws of American Samoa to authorize the ASG to assume a loan. In light of the current financial debacle created by a bond issue to finance the new ASG Executive Office Building, the chances of changing the laws to accommodate the possibility of a loan are remote. From a financial perspective, ASG is projected to end the FY 1989 with a deficit ranging between $9.6 and $11.6 million. The ASG is currently assessing a terminal fee of $.01 per gallon and is prepared to raise it to $.02 per gallon to provide part funding for the tank farm repairs without significant impairment to its local consumer price index. Interest expense created by a loan during the repayment period would almost certainly increase the terminal fee to the point where the cost of electricity and the production costs for the tuna canneries would erode the financial viability of these ventures.

April 26, 1989

Mr. David Heggestad
Office of Territorial and
International Affairs
U.S. Department of Interior
18th & C Streets, N.W.
Room 4359
Washington, D. C. 20240

RE: American Samoa Government
Petroleum Storage Facilities

Dear Dave:

Governor Coleman has requested that I respond to your memorandum dated April 21, 1989, in connection with the questions posed by the House Committee on Appropriations.

1. Why couldn't the proposed rehabilitation schedule for the petroleum tank farm be stretched out over more than three years?

Some of the proposed projects may be stretched out over more than three years, but not without serious risk to safety and danger to the stability of supply of petroleum. Serious consideration was given to the scheduling of the construction because of the safety and health implications and maintaining sufficient storage. It should be noted that the projects listed in Appendix 3 to the February 9, 1989 report are interrelated; that is: the new storage tanks must be connected to the new pipelines and loading racks. Hence, the two new diesel tanks, which must be built to replace the seriously deteriorated present tanks, will cost approximately $4.4 million out of the $7.2

million I projected; the jet fuel tank repairs and replacement actually totals $0.7 million, and the new avgas tank and mogas lines (used for avgas and mogas) is another $0.4 million for the mogas tank construction now underway. Therefore, there is $5.5 million we cannot defer, which leaves only $1.7 million we may even consider for deferral. Frankly, I could not recommend deferral of the terminal rack ($450,000) because it does not meet current EPA or the National Fire Code standards.

For safety's sake, even three years is risky. I have been connected with the oil industry for over twenty years as a lawyer and businessman. I have personally owned oil storage tanks, albeit much smaller. The Pago Pago terminal is hazardous. The only items I would defer are the airport jet fuel tank and hydrants, totalling $675,000.

2. Have you increased the terminal fee? How much will be generated, and how will these funds be used?

The terminal fee has not been increased from $0.01 to $0.02 a gallon, which requires passage by the Fono. Such an increase would generate an estimated $525,000 annually. Current plans are to use the funds for the village relocation including the purchase of the interior four acres between the tanks, and contingencies not covered in the Capital Improvements Plan (Phases II through V). In addition, I am reviewing the oil Spill Prevention Control and Countermeasures Plan in light of the Exxon Valdez fiasco; and it appears that some funds may be required in this regard.

3. Has any action been taken to petition the Court to terminate the Judgment and Court Plan? What impact would this have?

The ASG plans to petition the court to terminate the Court Plan and Judgment within the next sixty days. The major impact of the Court Plan is that it prevented the ASG from selling the terminal because it prohibited the ownership and management by a single petroleum supplier, which is not an issue if the ASG retains the ownership as it now plans. (This issue was raised in the February 9th report because it effectively barred the privatization of the tank farm and an appraisal of its value.)

However, the Court Plan continues to inhibit the ASG's control over the terminal in several ways. For example, it provides that the major construction and maintenance decisions are made by the suppliers rather than the ASG, which is one reason why it deteriorated in the past; the ASG has no control over the allocation of tank storage to the various suppliers or the use of the terminal for packaged storage or other uses; its provisions governing cost allocation for use are archaic and unfair; and all the suppliers agree that the Court Plan is an obstacle to real competition. The termination of the Court Plan and Judgment would permit the ASG to manage the terminal for the benefit of the consumer, including the ASG, rather than the oil companies, thereby affording the opportunity to assure it is maintained properly and costs to the ASG are kept at a minimum.

If you have any questions, please do not hesitate to contact me.

GUAM

ADDITIONAL COMMITTEE QUESTIONS

QUESTION 1:

I note in the Governor's testimony that due to prudent management of the revenues of the Government of Guam, the budget was balanced in FY 88 and the government was able to reduce the deficit by over $24 million.
Can you elaborate on that statement? Do you really mean reduce the debt?
Please provide for the record government receipts and expenditures for the past five fiscal years.

RESPONSE:

Our island has been experiencing an unprededented economic boom in recent years that has been paralleled, not surprisingly, with a significant growth in Government of Guam revenues. From FY 1987 to Fy 1988 we saw an increase of approximately twenty-seven percent (27%), or $61.0 million, in total General Fund revenues. In contrast, government expenditures only increased by seven percent (7%), or 12.5 million, during this same period (please refer to,attachment 1). This is attributable to the administration's committment to cost containment. As evidence of this, a fifty percent (50%) hiring freeze was imposed and only the most critical positions were authorized to be filled. The Government of Guam was able to limit the growth of government personnel costs without sacrificing the quality of service to the people of Guam.

In the past, this growth in revenues would be accompanied by a proportionate increase in the level of spending. Due to this administration's unequivocal committment to balancing the budget and reducing the deficit, additional revenues realized above the projected levels in FY 1988 were kept in the General Fund. As such, the Government of Guam's balance sheet as of September 30, 1988 reflects a decrease in the fund deficit by $24 million (please refer to Attachment2).

Regarding the question on deficit or debt, the Government of Guam's General Fund is maintained in accordance with generally accepted accounting principles for state and local governments. What this means is that the fund balance or deficit of the General Fund at any one point in time represents the current position of the General Fund. Only current assets, current liabilities expected to be paid in the short-term and the current portion of formal debt due and payable at the balance sheet date are presented.

Revenues are stated on a cash basis, whereas expenditures are accounted for on a full accrual basis except that prepaid items and supplies are expended as paid.

The surplus from fiscal year is not reflected in cash Rather, the surplus has been used to liquidate substantially all trade accounts payable over 30 days, reduce advances from

federal programs, and bring current all obligations arising from tax refunds due and payable except for such amounts which are accured for and which would be paid out in the normal course of events during the period February-June,1989.

With regards to formal debt, the General Funds "expends" the debt service requirement annually. In FY 1988 and FY 1989, debt service requirement of approximately $6.1 million, including interest were met. The following are summaries on existing formal debt of Government of Guam, outside its utilities and housing authorities; and payments since 1986 and anticipated outstanding balances at September 30, 1989:

	Original Amount of Bonds Issued	Total Principal Repayments	Outstanding Bonds Payable Sept 30, 1988
Government of Guam General Obligation Bonds, 1986 Series	$45,000,000	$10,650,000	$34,350,000
Government of Guam Limited Obligation Highway Bond 1985 Series A	35,000,000	3,400,000	31,560,000
	$80,000,000	$14,090,000	$65,910,000

As you may have discussed, we have both decreased our debt and our deficit over the last couple years, although it should be understood that the two are distinct and separate issues.

Also, attached as Attachments 3, 4, 5, and 6 are the balance sheets ending September 30 for Fiscal Years 1984, 1985, 1986 and 1987 in response to your request for government receipts for the last five years (please note FY 1988 balance sheet is provided as Attachment 2).

QUESTION 2:

How has the Department worked with you on their FY90 Drug Interdiction /Abuse Prevention Program?

How do you view this program?

RESPONSE:

With regard to the Department of Interior's involvement with the FY 90 Drug Interdiction/Abuse Prevention Program, the Office of the Territorial and International Affairs did not consult nor request input from the Government of Guam prior to including the $500,000 for this program in the budget. Prior to the enactment of the Omnibus Drug Abuse Act of 1988, which includes the Insular areas Drug Abuse Act's amendments, the Government of Guam submitted testimony and Capability

Statements in support of the Insular Areas Drug Act. In any event, the program proposed by the Government of Guam was complimentary to the ongoing program under way through the Bureau of Justice Assistance administered Narcotics Control Grant. We are uncertain as to how the Department of Interior envisions the administration and implementation of the proposed FY 90 Drug Interdiction Program.

In our view, the Department of Justice's Bureau of Justice Assistance has maintained excellent rapport with the Government of Guam. BJA has been very sensitive to the island's remoteness and has made arrangements to deal with potential communication, time and mail problems. BJA has also been particularly sensitive to our unique grants management problems and has conducted training in this area. Given the positive and well-established relationship between Government of Guam and BJA, it is our view that drug interdiction and abuse prevention programs should continue to be coordinated and administered through the Department of Justice.

QUESTION 3:

In response to a question for the record during the FY89 hearing, the Administration indicated that $5.6 million appropriated in FY85 for the Guam Memorial was sufficient to have the facility reaccredited.

In your statement, Governor, you indicated that Guam has "committed" $7.5 million for the hospital and that an additional $4.2 million is necessary from the Federal Government.

Can you explain how the $7.5 million is committed?

What additional services or equipment would be provided with the $4.2 million?

RESPONSE:

At the time of the FY 89 hearings, cost estimates for the completion of the Guam Memorial Hospital's package were based on projections included in the design phase of the project, which at the time was at 33% stage. Since that time, we have completed the entire 100% design of the GMH project and the most current cost figures for the project are pegged at approximately $17 million.

On April 8, 1989, I signed into law the revised FY 89 government-wide budget which included an appropriation of $7,560,000 for the hospital's CIP project. (Please see Attachment 8).

At this time, GMH has put out to bid a package amounting to $10.9 million for the construction phase of the hospital's CIP project...of that total amount, the local government is providing $7.56 million and the balance is from what remains from the initial federal appropriation of $5.6 million, which is approximately $3.4 million.

GMH anticipates awarding a contract for $10.9 million upon the completion of this bid solicitation period, which is expected to be on June 10, 1989. At that time, Guam's contribution to this project will indeed be "committed".

However, in order to complete the entire GMH project, an additional $4.2 million is still required. The $4.2 million will pay for the remaining CIP renovation projects (designated as Package 4B in Attachment 9). necessary to expand the hospital facility in order to make GMH the kind of facility that the people of Guam as well as our Micronesian brothers and sisters truly deserve. Of the $4.2 million, some $2.8 million will be used for the remodeling and expansion of the Intensive Care Unit, remodeling of the emergency room/exit balcony and surgical suites while the remaining $1.4 million will be used to purchased specialized hospital collateral equipment needed to outfit these newly remodeled and expanded areas.

QUESTION 4:

In your statement Governor, you indicate that the $2.0 million provided by Congress to rehabilitate a mental health facility has been matched by the Government of Guam and that you are moving forward with construction of a new facility. In addition, the total cost of the facility is now estimated to be $7.0 million.

Since it is unlikely that the Federal Government will be able to balance its budget in the near future, it is unlikely that additional funding will be provided by Congress.

What additional amount is the Government of Guam willing to provide?

If nothing, and the Federal Government does not provide any additional funds, how do you propose to complete the project? or do you plan to have a half completed Mental Health Facility?

Why and how has this project changed from $4.0 million rehabilitation project to a $7.0 million construction project?
If the facility is being moved to another location; what will be done with the receipts generated from the sale of the land wherethe old facility was located?

Specifically, what has been done with the $2.0 million appropriation?

RESPONSE:

The new Mental Health Facility has been designed in phases to allow expansion for future needs. The Government of Guam is now prepared to fund an additional $1,625,000 toward completion of Phase 1. (Please see Attachment 10...extracted from the Government of Guam FY 90 budget request submitted to the Legislature on April 17, 1989).

This represents 42% of the funds now available for the project. The $2.19 million funded by the Federal Government, representing 58% of the funds toward the project, is a needed healthy injection in completing the most crucial improvement of the project.

Phase 1, as you may know, is focused on providing a facility to meet existing needs in both out-patient and in-patient services. The building in which these services are now provided is in a continuing state of deterioration in that it is located at the Old Guam Memorial Hospital. The new facility encompasses a continuum of clinical out-patient services, in addition to in-patient facilities for adults and children. Thus, the new facility is designed to provide a variety of mental health services as well as anticipated increasing demand for the services.

Because of the phased concept, Phase II constitutes the establishment of a children's residential facility. The existing facility for residential can only accomodate six children and is grossly inadequate. If indeed the Federal Government cannot fund even a portion of this phase, we are looking to the Guam Legislature which has already demonstrated its willingness to do support the mental health project through the $1,635,000 funding. Phase I is the most crucial phase and will be able to provide the most needed segment of the mental health sservices. Estimated cost for this phase is $1.5 million. Phase II deals with the expansion of out-patient services. Because of the phase concept, it is envisoned that implementation of Phase III would not be immediately critical.

On the question of the proceeds from the sale of the property where the existing facility is sited, the Government of Guam does not plan on selling the land. Rather, a lease proposal is being formulated. Proceeds have been slated for debt service for financing of the construction of a new Guam Community College. Obviously immediate proceeds from the lease are not proceeds anywhere comparable to proceeds from a sale.

Finally, on the status of funds, $190,000 has already been expended/obligated towards the design of the project. The design is expected to be complete within 4 - 6 months. The remaining $2 million will be complemented by the local appropriation of $1,925,000 for the Phase I construction.

QUESTION 5:

How can you continue to justify the $40 million in tax exemptions granted to hotels?

RESPONSE:

The Territory of Guam has over the past two decades struggled to develop a broad based, self sustaining economy with a decreasing dependence on Federal Aid.

The one single program of the Government of Guam which has been successful in stimulating and generating investment capital to Guam has been the Qualifying Certificate Program of the Guam Economic Development Authority. A summary of Qualifying Certificates issued since 1967 is described in the attached report (Attachment 11). The report lists QC's issued for manufacturing, materials processing, watch assembly, furniture making, liquor production, oil refining, feedmill operations and tourist hotels.

Over the course of the 20 years since the issuance of these Qualifying Certificates for the purposes listed above, only hotels catering to Guam's tourism have flourished. Several of the other industries had great potential for success but failed for the following reasons:

1. Watch Assembly Operations - Failed in 1970's due to changes in General Headnote 3(a) of the Tarriff Schedules of the United States, making watches ineligible for entry to the U.S.

2. Oil Refinery - Failed in 1983 due to sudden recission by the Federal Small Business Administration of the refinery's "Small Refinery Certification. This recission made the refinery ineligible for the Defense Fuel Supply Center small refinery set aside program, along with losing the DFSC contracts it held.

These are two examples of industries with growth potential on Guam which were put out of business by arbitrary changes in federal regulations.

The Forty Million Dollars in tax rebates granted to hotels apparently refers to the Inspector General's report on Guam's Qualifying Certificate Program. Though we question the amount granted, it apparently was calculated computing Two Million Dollars in rebates over the twenty year term of most Qualifying Certificates. Assuming that this Forty Million Dollar figure was calculated in a valid accounting method, the following points need to made:

1. The hotel investments for which these rebates are attributed would likely not have been invested in Guam without the Q.C. These hotels are those built in the 1970's and early 1980's when Guam was in an economic slump.

2. The hotels issued Qualifying Certificates are all in operation today and thriving well, providing substantial spin off benefits in the service businesses that support their operations.

In 1987, the hotels with Qualifying Certificates received $2,261,589 in rebates, yet paid in payroll plus taxes $34,718,729 (See Attachment Qualifying Certificate Direct Benefits Report).

While this clearly demonstrates a substantial return for the rebates allowed, we wish to point clearly to the fact that these tax rebates are from revenues we were not receiving in the 1970's when these Certificates were issued.

Guam further is still in the infancy of its economic development. The economic base for Guam revolves primarily around the Japan based tourism industry, and the military operations which exist in the Territory.

We need to diversify our tourism industry and stimulate secondary industries to provide for a solid broad based economic foundation. Guam must be considered as having only a developing economy.

It is the Territory's firm committment to lessen our dependence on Federal capital. Since 1984, Guam has experienced a gradual reduction in CIP awards from the Federal Government ... from $11.35 million in FY 84 to $4.9 million in FY 89. We have funded a substantial number of public facility needs through direct appropriations and bond issues that are currently being finalized.

The Territory however continues to require the assistance from Congress for the facilities listed in our FY 1990 request, for vitally needed public facilities.

QUESTION 5:

Last year, Lt Governor Blas said $3.2 million was needed for hospital accreditation on top of the $5.6 million already appropriated. Why is $17 million needed now? Explain why federal assistance to this project is required when the $5.6 million was the extent of the federal committment?

RESPONSE:

The $17 million CIP figure encompasses the current overall costs based on the recently-completed 100% design drawings. At the time of the hearing last year, the best cost-estimates available then were based on the 33% design drawings for the entire hospital CIP project....which as Lieutenant Governor Frank Blas has indicated, was about $3.2 million over the federal funds of $5.6 million.

We must note that the increase in the overall funding requirement can also be attributed to the additional necessary changes to the overall CIP plan that were noted on recent citations by Health Care Financing Administration. HCFA recently conducted a survey of the physical condition of the hospital, citing several deficiencies that would have to be corrected in order for GMH to regain accreditation.

The increase in the amount can also be attributed to the fact that GMH's overall expansion plan takes into consideration an anticipated increase in demand for services at the hospital, particularly by our Micronesian brothers and sisters who continue to look to Guam's hospital for medical services that are not readily available in their homes. We also are

experiencing an increase in the number of citizens from the Federated States of Micronesia who, because of the Compact of Free Association, have relocated to Guam and placed an increased demand for medical services on Guam.

Of this $17 million total, we wish to note that GovGuam has injected $7.56 million or 44% of the overall costs to compliment the available federal funding of $5.6 million which is 33% of the total figure. Although the overall scope of the hospital CIP project has grown to $17 million, GovGuam has been able to inject local revenues to offset most of the increase.

Senator Johnston, we hope that we have been able to provide answers to all your questions. If you should have any additional concerns, please feel free to contact us.

VIRGIN ISLANDS

ADDITIONAL COMMITTEE QUESTIONS

Rogge:

1. What is the status now? Has the lawsuit been resolved?

   ANSWER: The lawsuit has now been resolved.

Airport:

2. Has alternative funding been arranged? If so, what sources were identified?

   ANSWER: We have gone into the private capital market, using investment bankers. In fact, we will be closing the issue in the amount of $35.0 million on Thursday, May 4th. I am happy to report the issue has been oversubscribed.

3. When will the new airport terminal be ready?

   ANSWER - We have scheduled the cutting of the ribbon in September/October 1990.

Tourism:

4. What has been the impact of the Eastern Airlines strike in the Virgin Islands?

   ANSWER: In addition to the immediate loss of about 1/3 of our direct flight seats, the bankruptcy of the Caribbean's second largest travel package wholesaler, Flyfaire Vacations has caused V.I. hotels to be left holding in excess of $2.3 million in worthless travel vouchers. This has been a serious blow to our hotels and, in response, I have appointed a blue ribbon panel to address these issues.

5. Have you been successful in efforts to replace the lost seats?

ANSWER: Although Eastern accounted for 1/3 of direct flight seats, American Airlines and several Puerto Rico commuter lines added seats and effectively made up for the Eastern shutdown. In part, this was due to a nationwide advertising campaign we quickly organized to relieve prospective visitors' concerns about not being able to reach the Territory by plane. These timely reactions resulted in total visitor air arrivals to the Virgin Islands for March of this year, to just about equal the level for March of 1988.

Detention Facilities:

6. What is the status of these Projects? Have funds been obligated?

ANSWER:

St. Croix - The St. Croix plans and specifications were let on bid May 6, 1986 and opened on July 25, 1986. All bids were significantly over the $1.1 million available for construction costs. In an attempt to bring costs into conformity with available dollars, the architect was advised to revise the drawings by deleting items and reducing the size of the building from a 16-bed to a 6-bed facility.

In the interim, there was a change of Administration which resulted in unavoidable delays as we wrestled with major priorities including a proposed plan of action for continuation of construction of the Centers. With my Administration came a significant upgrade in technical and engineering staff who, upon reviewing the revised plans and specifications, found them not in compliance with standards established for criminal justice facilities by the American Correctional Association. Further revisions were recommended by the Department of Public Works. Estimated costs of $60,445 to revise plans and specifications were determined to be excessive and the contract was terminated on August 24, 1988.

St. Thomas - Construction for this facility was halted on October 27, 1987 for the convenience of the Government. This decision was reached following legislative public hearings on the location of the facility. Subsequently, a decision was made to pursue an alternate site for continuation of the project. Although possible sites have been identified, no decision has been made pending identification of funds. Once this issue has been resolved, our intention is to use the existing plans and specifications for construction of the facility. Costs of the aforementioned site adaptations are unknown.

FUNDS OBLIGATED

St. Thomas Project	$ 555,084
St. Croix Project	108,719
Total Obligations	663,803

7. What plans does the V.I. Government have for proceeding with these projects? Could these funds be used more appropriately to address the prison situation?

ANSWER: Our plans for the St. Croix facility are to adapt the plans and specifications for the St. Thomas facility, which have been determined to be in compliance with American Correctional Association standards, to the St. Croix site.

A committee comprised of representatives of several agencies met to discuss this option as it seems cost effective and expeditious. The committee determined that prior to rendering a final decision on this option, a professional independent assessment must be procured to evaluate work completed to date on the St. Thomas site. A Request for Proposal is currently being prepared for bid advertisement and is scheduled for release on May 12, 1989. Bid opening is scheduled for June 9, 1989. Estimated costs to adapt the St. Thomas plans for the St. Croix site are approximately $24,000.

Given that a decision has been made to relocate the St. Thomas Center, it is now recommended that the site where construction began be continued for conversion to a parent-child center.

The following describes and justifies the recommended project:

Project Title:	Parent-Child Center	
Target Population:	High Risk Mothers - Low income teenage mothers with children ages birth to two (2).	
Facility Size:	3-5000 sq. ft.	
Estimated Construction Cost:	One story concrete structure	$420-700,000
	Architectural/Engineering Services	25,000
	Site Work	100,000
	Estimated Cost	$545-875,000

FUNDING

Recommended reprogramming of unexpended balance from the St. Thomas Center $926,149.64

Project Description:

The purpose of the program is to provide: (1) medical counseling, referral and supervision to high risk mothers and children; (2) comprehensive child-care instruction; (3) pre-employment

training and work preparation skills to mothers; and (4) evaluation and subsequent enrollment of eligible children in Head Start pre-school programs.

Indicators of Project Need:

The program target population is increasing in the Virgin Islands. Two hundred eleven (211) or 18% of all U.S. Virgin Islands live births were to mothers between the ages of 14 and 19. This is a 21% increase in the frequency of teenage pregnancy, a figure which is 7% higher than the national average. The U.S. Virgin Islands is experiencing increasing rates of high school drop-outs by pregnant teens, increased frequency of pre-natal and pediatric problems in low income mothers, a 33% increase in mothers receiving benefits under the Aid to Families with Dependent Children (AFDC) Program, and increased frequency of young parents implicated in alleged child-abuse cases.

The Department of Human Services now has a $20,000 planning grant from the U.S. Department of Health and Human Services to develop a Parent-Child model for the Territory. Funding is anticipated to be available to implement this program expeditiously.

Although it was earlier considered, it is not now recommended that funds awarded for youth programs be reprogrammed for the adult correctional facility. The need for youth detention facilities is still a concern which is being addressed by this Administration. As described in this document, plans, discussions and committee efforts are still focused on bringing to fruition, our youth service facilities in order to provide more efficient and effective services to this important segment of the population.

Government Spending:

8. What is the estimated size of the deficit?

ANSWER: The estimated size of the Fiscal Year 1989 deficit is approximately $23.2 million.

9. Is this amount agreed to by the Legislature? If not, what accounts for the difference?

ANSWER: The informal estimate by the Legislative Post Auditor is an estimated deficit of $10 million.

Since we have no formal declaration by the Legislature, it is not possible at this time to assess the difference in estimates.

10. What steps is the Virgin Islands Government taking to control or reduce the deficit?

ANSWER: The Government of the Virgin Islands has defined and is pursuing short and long term goals for reducing and controlling the deficit.

Our short term goals include the curtailment in spending through the impoundment of non-mandatory allotments. This is being supported by a strict curtailment on hiring on all but essential positions within Government.

Our long term goals are focused on the expansion of private sector spending through a massive infrastructure improvement program by the public sector.

Our capital program charts almost $300 million in capital improvements to our airports, sea ports, roads, Water and Power generating systems and public facilities over the next several years.

Additionally, private sector employment is expected to receive an immediate boost through the reopening of the Alumina Processing Plant on the island of St. Croix.

Tangentially, we are diversifying our economic base through the expansion of our light industrial park, where current facilities are oversubscribed. Our Industrial Development Program has in the past year awarded certificates to ten (10) firms. Total labor demand among these firms could result in 1,000 new jobs.

11. The Government has 2.7 times as many employees per capita as the average stateside state and local governments. What is being done to make the government more efficient?

ANSWER: While it is true that our per capita government employment is significantly greater than stateside averages, it should be noted that government employment has decreased by 9.6% between Fiscal Years 1983 and 1987. This reduction in government employment comes in the wake of a total employment increase over the same period of 8%.

Greater reductions in government employment and improved efficiency over the next several years will be achieved through:

(1) expanded private sector employment resulting from our historic capital improvement program and completion of our airport terminal;

(2) an increase in the minimum wage that will portray private sector employment equally as attractive as government employment for our emerging youth labor force; and

(3) full automation of our Bureau of Internal Revenue that will dramatically improve ratio of collections to tax billings.

Hospitals:

12. In 1989 the Department of Health and Human Services reported that the hospitals deteriorated to a point

requiring $22 million in repairs. What are the reasons for this situation?

ANSWER: Since taking office, the Administration inherited health facilities with increasingly dysfunctional physical plants. The record of complaints has existed since the opening of the new facilities with such issues as design corrections and construction deficiencies, as well as the absence of an adequate preventative maintenance program and the lack of sufficient trained maintenance staff for hospitals.

Rather than continue with piecemeal repairs, technical assistance was sought from the federal office that had oversight on the design of the structures. A preliminary visit in January, 1988, set the stage for the "DEEP LOOK" in February 1988. The analysis was to be made from roof to lower floor to identify facility planning, architectural design, and construction faults. The full report lists 245 separate structural defects, code violations, life-threatening conditions, and space inadequacies. The facility distribution of items is as follows:

Facility	# of items	Estimated Cost
St. John Health Center	58	$ 1,168,318
St. Croix Hospital	72	7,101,318
St. Thomas Hospital	115	13,070,212
Total	245	$21,339,848

In September 1988, the U.S. Virgin Islands Government contracted with an architectural/ engineering firm to refine the "DEEP LOOK" report and assess cost, priorities and scheduling. The firm also would assist the local government in organizing the programming effort for the recommended renovation areas.

On April 21, 1989, I signed into law an appropriation of $22 million dollars for the U.S. Virgin Islands Health Facilities Project.

This restoration project will address the correction items presented in the "DEEP LOOK" Report as modified by the architectural/ engineering firm. The project schedule is 18 months.

Legal remedies are being evaluated for cost recovery of the previous expenditures. This potential source of funds may be years in forthcoming.

THE VIRGIN ISLANDS OF THE UNITED STATES
OFFICE OF THE GOVERNOR
CHARLOTTE AMALIE, ST. THOMAS, V.I. 00801

May 12, 1989

Honorable James McClure
United States Senate
Senate Hart 309 (HSOB)
Washington, D.C. 20510-1201

Dear Senator McClure:

Thank you for your request for additional information regarding the additional funding for expansion and renovation of prison facilities and plans to address the increasing crime problem in the Virgin Islands.

In my recent testimony before the Subcommittee on Interior Appropriations, I stated that I was pleased that the Department of Interior had recognized an important need by requesting $2 million for improvements to our prison system, however, our true need was more in the vicinity of $5 million. We recently submitted our justification for this amount to the House and Senate Appropriation Committees and we are hoping for a favorable response.

I am providing responses following a restatement of your questions.

(1) What are the plans of the Virgin Islands Government to makeup the $3.0 million shortfall?

The Government of the Virgin Islands has submitted its request and justification for $5 million for expansion of our prison system by an additional 127 bed facility. We are hereby seeking your support for this request in the Fiscal Year 1990 Budget.

According to the National Directory of Corrections Construction, Second Edition, April 1988, published by the U.S. Department of Justice, National Institute of Justice, the current U.S. average cost per prisoner for the construction of medium security projects is $36,430 per bed. Several years ago, the cost of an addition at the Adult Correction Facility in St. Croix was approximately $35,500 per bed. When we estimate a conservative price differential of 7% above the U.S. average due to the high cost of transportation and associated costs of importing construction material, the per bed costs in the Virgin Islands will approximate $39,000. The number of beds was determined by the present number of detainees and anticipated growth, and an estimate of $39,000 per bed for a total of $4,953,000.

(2) How do you plan to address apparently increasing crime in the Virgin Islands?

The Virgin Islands Government recently received a $4 million grant to fight illegal drug trafficking here in the Territory. These badly needed funds will be used not only for acquiring equipment but also to hire and train personnel. The Virgin Islands Police Department and the Department of Justice have implemented

joint operations to combat the drug transshipment traffic in the islands, including street level drug dealing activities. We have established a "Blue Lightening" Strike Force which works closely with the Coast Guard and U.S. Customs to deal with drug traffic on the high seas. This unit has been very successful thus far in the recovery of both illegal weapons and drugs.

The Police Department has increased the number of police officers including plainclothes officers in an effort to reduce street crime. In two weeks another class of police recruits will be graduating and added to the various units. The number and range of police vehicle patrols have also been increased over eighty percent with the recent acquisition of new vehicles, however, the Department still needs funds for other basic equipment. Currently the Police Training Bureau is in need of renovation and more equipment which would greatly increase the level of training now being offered recruits.

The establishment of a special confidential fund to purchase information has also been very successful in the investigation of several major crimes. In major crimes and drug traffic cases, we have a 90% conviction rate. In the St. Thomas/St. John District 16 of the 17 homicides were solved and convictions obtained, while in the St. Croix District 16 of the 18 homicides were solved and convictions obtained. Major successes in this area are due to the diligence of the Investigation Bureau and the Forensic Units, and an alert and concerned citizenry.

The Department of Justice has recently formulated plans to increase personnel in the White Collar Crime and Investigation Units. The Department has also added eight new Attorneys to assist in the increased case load. For fiscal year 1987-88, there were 844 criminal cases filed by the Department compared to 731 the previous fiscal year. The Justice Department is also instituting the Lexis program to improve its legal research thereby providing its staff with the most up-to-date case law. Further all enforcement units of the Justice Department undergo training at the Police Training Academy and in addition many are sent off-island for additional training at the FBI and DEA facilities. The Department is also formulating plans for a Corrections Cadets Program to train new recruits for employment in the Bureau of Corrections should the new prison facility become a reality. Correction Officers recently attended a training program conducted by the Federal Bureau of Prisons.

It is our hope, that after due consideration and deliberation, that the Congress would see fit to grant our request for additional funds for our prison facilities.

Thanking you for your support.

Cordially,

Alexander A. Farrelly

Alexander A. Farrelly
Governor

REPUBLIC OF THE MARSHALL ISLANDS

ADDITIONAL COMMITTEE QUESTIONS

Are you experiencing any difficulties in the extension of Federal services in the Marshalls from other federal agencies?

For the most part, we have received excellent cooperation from the few federal agencies that are still available to the freely associated states under the provisions of Section 105(h)(1), Section 105(1), Section 111(a), and Section 221(a) of the Compact of Free Association. We have also received very fine support from the limited extension of the programs of the U.S. Department of Education pursuant to Section 105(i)(2), the U.S. Department of Energy pursuant to Section 103(h)(1) for the Radiological Health Care Program, and the U.S. Department of Agriculture pursuant to Section 103(h)(2) for supplemental food support to the four radiologically affected communities. The special access to Department of Defense medical facilities and the services of the National Health Service Corps made available pursuant to Section 105(k) have also proven very helpful (although, as discussed in my testimony, the Department of Defense is seriously concerned about the problem of pre-Compact medical referral debts and has strongly suggested that patients from the Marshall Islands would be denied access to Defense medical facilities if the prior medical bills are not retired). It appears that nearly every one of these agencies is making an earnest effort to implement their programs to the full extent permitted by the Compact legislation.

We have been disappointed by only a few of these agencies.

The most notable instance is that of Farmers Home Administration which has repeatedly assured my government that it would establish an office in Majuro, with the possibility of an office in Ebeye at some time in the future, and, as of yet, has failed to do so. The Marshall Islands Ministry of Social Services has already pledged considerable support to the agency in the form of office space, support personnel, and the use of official transport. Furthermore, we are disappointed in the very modest program that FmHA intends to operate in the Marshall Islands. Instead of offering the full range of financial support that would be available to homeowners, communities, and small businesses in rural areas in the United States, FmHA officials have stated that they intend to initially offer citizens of the Marshall Islands only a small scale program for household renovation.

Of the federal agencies authorized to provide technical assistance to the freely associated states pursuant to Section 105(1) of the Compact, we are concerned about the services of the Forest Service and the Fish and Wildlife Service. Both of these agencies have provided certain levels of support to the Marshall Islands since implementation of the Compact, for which we are grateful. However, we feel that we are not receiving the full benefit of services to which we are entitled.

In the case of the Forest Service, we recently learned that the agency intends to discontinue important experimental work in coconut production in the Marshall Islands as a result of the termination of the American Pacific Islands Forestry Research work Unit of the Pacific Southwest Forest and Range Experiment

Station (PSW-4104). We have already devoted a great deal of time and money to this project and we ask that it not be abandoned.

Since inception of the Compact relationship, we have tried to interest the Fish and Wildlife Service in several projects: assistance with development of a natural science curriculum for our schools; a protection program for sea turtles; and assistance in establishing park areas for recreational and educational purposes. Although we have elicited mild interest from the agency, we would like to take advantage of their expertise in assisting our public in appreciating and preserving the unique natural heritage of the atoll ecosystems.

In this regard, I would like to reiterate a point made in my testimony. It is the request of my government that, in the future, we shall be able to call upon the expertise of the federal agencies that are now withdrawing their services from the freely associated states. This expertise is a unique asset to our program personnel as they devise appropriate service delivery models for a developing nation. For this reason, we ask that the twelve federal agencies that are now closing out their programs in the freely associated states be instructed to continue to provide technical assistance pursuant to Sections 105(c) and 226 of the Compact. We ask that the Congress require the Secretary of the Interior to issue such instruction to these agencies. The exchanges that have taken place between the experts of these agencies and RMI project officials has proven invaluable. The freely associated states should continue to be provided with the publications of these agencies, continue to be able to call on the consultants of these agencies for specialized technical assistance and staff training, and continue to be invited to participate in regional and national conferences sponsored by these agencies. Each of these agencies possesses unique resources that are not readily available elsewhere. We feel that it is crucially important that our school system remain well-informed on current developments in educational research and the programs of other school systems in the region and in rural areas of the United States. Similarly, the expertise of the U.S. Environmental Protection Agency will continue to be an irreplaceable resource to our own Environmental Protection Authority in the changing circumstances of the years ahead. Similar arguments can be made for every federal program listed in the table. We would like these programs to continue to assist our young nation in the training of manpower and in the provision of practical, expert advice.

How has the Department of Interior worked to correct and resolve any problems?

We feel that we now have a very good working relationship with the Office of Territorial and International Affairs (OTIA). In particular, we would cite the support we have received in the program areas of (1)the transfer of Compact funding, (2)technical assistance, and (3)special support to the radiologically impacted communities in the Marshall Islands. Where differences have arisen in any of these areas, the communication and cooperation between OTIA and my government have been fully satisfactory.

OTIA has been helpful in serving as a liaison between the other federal agencies and the Government of the Marshall Islands, especially in the early days of Compact implementation when it was necessary to inform the federal agencies about their obligations under the new relationship and to encourage the agencies to fulfill their obligations.

Since implementation of the Compact, as problems and special requests have arisen regarding federal programs, we have sought relief through the Office of the United States Representative to the Marshall Islands, which, in turn, has conveyed our requests to the appropriate United States agencies. We do not know to what extent OTIA becomes involved in this process. Two recent instances of such support from the United States Representative's Office were (1)helping to facilitate the reinstatement of USDA food assistance to Rongelap and Utrik that was mandated in the Interior Appropriation Act for Fiscal Year 1989, but was delayed in implementation until well into the second quarter of the fiscal year and (2)coordinating requests for assistance from the U.S. Department of Energy that my government has put forward on behalf of the Nuclear Claims Tribunal.

While the Department of State officials at the United States Representative's Office has been most supportive on questions relating to federal programs, it has been our request that an official from the Department of the Interior be assigned to the Marshall Islands to assist with implementation of the Compact. Such a person would facilitate access of the government and people of the Marshall Islands to the programs and services of those few federal agencies that remain available to us. This role was assigned to Interior by Section 105(b)(3) of the Compact and we would like to see it actively filled by someone on the ground in Majuro.

REPUBLIC OF PALAU

ADDITIONAL COMMITTEE QUESTIONS

A. The cost of the Replacement Hospital is Based on Actual Need and not on an Arbitrarily Determined Level of Funding: In Fiscal Year 1982, in recognition of the deteriorating condition of the existing MacDonald Hospital, the U.S. Congress appropriated $960,000, half of which was to be used for the temporary renovation of the MacDonald Hospital and the other half of which was earmarked for the design of a permanent replacement health care facility for Palau.

The design of the hospital was developed in compliance with rules and regulations of TTPI. In accordance with Section 21 of the TTPI Certificate of Need Regulations, a description of the proposed hospital project in connection with a Certificate of Need (CON) application for architectural and engineering (A/E) design project was filed in April 1983 with TTPI by Palau. The CON application was reviewed and approved by the Territorial Health Planning and Development Agency by July 1983. Pursuant to the CON Regulations, TTPI published in the Pacific Daily News a notice of this review and invitation for comment. The only response to this invitation for comment was received from Dr. Sheridan Weinstein, Assistant Surgeon General, DBHS, Region IX.

Based on Dr. Weinstein's comments, Palau revised the CON and the A/E scope of work, requiring the A/E consultant firm to perform further study on service category requirements, based on evaluation of current and future needs, prior to entering into an A/E contract. Thereafter, two architects from the A/E consulting firm visited with Palau for a period of three weeks. In consultation

with Palau's health services officials, the architects determined and developed the scope of construction, taking into account the space requirements for the functions and services to be offered in the new hospital. The space requirements study is reflected on page 6 of Enclosures A.

In other words, the construction program for the new hospital was thoroughly studied and determined professionally under TTPI procedures. The resulting design is based on the actual current and projected basic health service needs of Palau determined under that process.

B. The U.S. Department of the Interior's Recommendations to the Congress Concerning Palau's Health Needs Were Not Based on Palau's Basic Health Service Needs: The Department of the Interior recommended that the Congress set a ceiling of $10 million for funding construction of the new hospital in Palau. In response, Palau, in consultation with its A/E consultant firm, studied various alternatives, including eight cutback schemes (see Enclosure B), in an attempt to stay within the $10 million limitation. This study concluded that none of the cutback schemes could simultaneously keep the project cost within the $10 million limitation and also result in a usable facility meeting Palau's basic health service needs. The only plausible cutback solution was Scheme D, which was based on a phased construction program designed to optimize procurement of imported material, equipment and skilled manpower from outside of Palau for implementation of the construction works. Even this proposal, however, would have resulted in costs substantially exceeding $10 million.

In recommending the $10 million ceiling to Congress, DOI did not take the following factors into consideration: (i) the actual present and future basic health services needs of Palau as developed during the TTPI process; (ii) the inflationary trends in the price of imported materials and equipment, both ancillary and medical equipment and furnishings; (iii) the cost of mobilizing heavy and specialized equipment and importation of the technically skilled manpower for implementation of the construction work; and (iv) above all, the need to assure future maintenance by constructing a durable facility that would stand the test of time.

Palau has learned from the experience of other governments in Micronesia that inferior materials and construction spell inevitable maintenance problems. We note that the Republic of the Marshall Islands is requesting an appropriation in Fiscal Year 1990 to correct the corrosion problem affecting its new hospital, which has been in operation only three years. The Louis Berger Report documents numerous maintenance problems, essentially caused by the initial use of inferior materials and cheap equipment in the development/construction of facilities and physical infrastructure throughout Micronesia. The decision to incorporate durable materials and ancillary equipment in the initial construction is particularly important in light of the extremely corrosive and harsh climate in Palau.

Thus, Palau decided that its hospital must be a permanent structure, similar to the hospital in the Northern Mariana Islands, yet built at a lower cost and less

expensive to operate and maintain because the buildings will be fully insulated and only a few of the critical facilities will be air-conditioned, the rest of the buildings being naturally ventilated.

C. The Delay in Making Funds Available for Construction of the Palau National Hospital Has Contributed to the Estimated Cost of Construction: By Fiscal Year 1982, as is evidenced by the appropriation of design funds, Palau's need for a replacement hospital had become apparent to the Congress. A design contract was thereupon procured, and by 1984, plans and specifications for construction of the new hospital had been completed. The A/E consultant firm estimated the cost of the project at between $14 million and $16 million in 1984 dollars. However, the Congress did not appropriate funds for this purpose until it made $4.7 million available in FY 1986. The Congress appropriated an additional $5.3 million in FY 1988. By FY 1987, the A/E consultant firm had estimated the cost of construction at $19 million. The piecemeal nature of Congressional funding has contributed to an increase in the hospital's overall cost. One year later, when the contract was awarded competitively, the market had set the price at $24.255 million.

D. The $14.255 Million Required to Complete the Balance of the Project is Based on Hard Data Derived from a Competitive Bidding Process: As can be seen in Enclosure C and as reflected on page 19 of Enclosure A, the $14,255,000 required to complete the balance of the project is based on an actual bid price determined through a competitive bidding process, and not just an estimation. Construction in Micronesia is costly. With the exception of sand and gravel, all building and construction materials must be imported from overseas sources. Transportation of these materials from the source to the project site is expensive. The materials must be procured well ahead of time if the contractor is to maintain his construction schedule.

In a project of this magnitude, the contractor must first build appropriate warehouses on or near the job site to store the materials upon arrival, as there is virtually no appropriate warehouse space available for rent. Heavy and specialized construction equipment must also be mobilized from outside sources. Upon the completion of the project, the equipment must be shipped back to the contractor's home base. Skilled workers and administrative personnel must also be imported from outside, due to the general lack of local expertise in the various building trade skills. In practically all jobs of this magnitude, the number of foreign workers required to complete the work on time necessitates the construction of temporary housing at or near the site. The transportation of these workers to Palau and back home after the job is expensive, and, while they are on the job, the contractor must feed them. All these expenses are necessary in construction projects in places like Palau.

E. Use of The $10 Million Appropriated by the Congress: Construction of Phase I of the Palau National Hospital is currently underway. A construction contract in the amount of $7.9 million was awarded on September 22, 1988, setting October 1, 1988 as the commencement date of the contract. The

contractor has 720 days to complete Phase I of the project. As of April 10, 1989, Phase I was 24 percent complete. For the status of funds obligation and details of actual funds disbursement, see pages 17-18 of Enclosure A.

F. Construction Will Take Place Over Several Years: Appropriation of the full $14.255 at one time should provide savings on the complete construction of this important health care facility. This would allow Palau to undertake construction in an organized manner. If work has to be delayed, there will be increased costs both from the effects of inflation and from the need to "stage" the project.

The Government of Palau is greatly appreciative of the concern and responsiveness demonstrated by you and the Committee. We hope that the Committee will be able to respond to this most pressing need and will be pleased to provide further information if desired.

SUBCOMMITTEE RECESS

Senator JOHNSTON. The hearing is recessed.

[Whereupon, at 3:10 p.m., Wednesday, April 19, the subcommittee was recessed, to reconvene at 2 p.m., Monday, May 1.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

TUESDAY, MAY 2, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:02 p.m., in room S–128, Hon. Robert Byrd (chairman) presiding.

Present: Senators Byrd, Leahy, DeConcini, Bumpers, Reid, McClure, Stevens, Cochran, and Domenici.

CONGRESSIONAL WITNESSES

STATEMENT OF HON. TRENT LOTT, U.S. SENATOR FROM MISSISSIPPI

Chairman BYRD. This is the time scheduled for the Department of the Interior and Related Agencies Subcommittee to hear testimony on the fiscal year 1990 budget from congressional witnesses and from the Secretaries of Energy and the Interior.

We will first hear from the congressional witnesses and then we will turn to the Secretary of Energy, Admiral James D. Watkins, and the Secretary of the Interior, Manuel Lujan, Jr. We will begin with our congressional witnesses.

I have listed here Senator Trent Lott, Senator James Exon, Representative Anthony Beilenson, Senator Alan Cranston, Senator Pete Wilson, Senator Carl Levin. Senator Lott, I have your name first.

NATCHEZ NATIONAL HISTORICAL PARK

Senator LOTT. Mr. Chairman, members of the committee, it is a pleasure to make my first appearance before the Appropriations Subcommittee since becoming a member of the Senate. I am honored to be here. I want to testify today in support of funds for the Natchez Historical Park, and of course I am delighted to see my colleague from Mississippi here on this subcommittee. I know that he is very familiar with this particular project.

This is a very important park that was authorized by the Congress last year in Public Law 100–479. One of the things that really has amazed me as I've gotten into all that we have to offer with the Natchez Historical Park is that it has taken us so long to move forward on this possibility. It is a great idea, it's a great resource for our nation and for our State. It has tremendous historical significance, going back to the Natchez Indians, and of course the

great cotton period before the war between the States, and then the black history that is very important after the war. And it's at the end of the Natchez Trace.

So I am here to urge the full possible funding for this very significant park. There is great cooperation underway now between the National Park Service, between State and local governments and the private sector. They have already come up with the necessary maps, as I understand it, for the park boundaries. Historic districts have been established. There is now a feasibility study underway to bring the Natchez Trace directly on into the area of the historical park, and the appraisal of Melrose is underway, including in that package the donation of 25 percent of the property to the National Park.

Fort Rosalie, a very significant site there at Natchez, is now being considered by the Interior Department as having historical significance and we believe that that will go forward. I have talked to Secretary of the Interior Manuel Lujan about it, and he is familiar with it and working on it.

I would like to point out that there will be lands donated by the city. There is now a hotel and restaurant tax, hopefully, to support the promotion of this park. The State legislature, in a recent special session for other purposes, designated $1 million in support of the project for next year, and there has been $2 million set aside by the State for advertising and promotion purposes. I would like to submit for your record, a copy of a letter from the director of the Mississippi Department of Economic Development pointing that out.

I think those are the significant points, Mr. Chairman and members of the committee. This is a real gem for us as a national park. It is being actively pursued by all concerned, and I hope that you will see fit to give it full funding.

Chairman BYRD. Thank you for your statement. The letter to which you referred will be placed in the record.

PREPARED STATEMENT

Senator LOTT. I do have a prepared statement that I would like to ask to submit for the record.

Chairman BYRD. Yes; the statements of all who testify will be included in the record.

[The statement follows:]

STATEMENT OF SENATOR TRENT LOTT

I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE TO REQUEST FUNDING FOR THE NATCHEZ NATIONAL HISTORICAL PARK. LAST YEAR THE CONGRESS, IN ENACTING PUBLIC LAW 100-479, ACKNOWLEDGED THE HISTORICAL RICHNESS OF THE CITY OF NATCHEZ AND ITS GREAT VALUE IN INTERPRETING NUMEROUS THEMES IN OUR NATION'S HERITAGE. NATCHEZ IS TRULY A CROSSROADS OF AMERICAN HISTORY: NO OTHER COMMUNITY IS MORE UNIQUELY QUALIFIED TO RELATE THE CULTURE OF A NATIVE AMERICAN TRIBE AS ADVANCED AS THE NATCHEZ INDIANS; TO EXPLORE THE RIVALRIES AND INTERPLAY OF EUROPEAN POWERS DURING OUR COLONIAL PERIOD; TO INTERPRET THE ASCENDANCE OF THE COTTON EMPIRE IN THE ANTEBELLUM SOUTH, OR TO RELATE MAJOR THEMES IN BLACK HISTORY DURING THE RECONSTRUCTION ERA. THE NATCHEZ NATIONAL HISTORICAL PARK CAN DO ALL THIS AND MORE.

SINCE AUTHORIZATION OF THE PARK, MANY ORGANIZATIONS HAVE BEEN BUSY PREPARING FOR THE FUNDING OF THE PARK. CONGRESSIONAL STAFF AND NATIONAL PARK SERVICE OFFICIALS AT THE FEDERAL LEVEL, STATE AND LOCAL GOVERNMENT LEADERS IN MISSISSIPPI, AND A LARGE NUMBER OF PRIVATE SECTOR PARTICIPANTS HAVE WORKED TOGETHER VERY CLOSELY AND EFFECTIVELY TO COMPLY WITH THE TERMS OF THE ACT. THIS SPIRIT OF COOPERATION WAS FOSTERED BY THE CONGRESS ITSELF WHEN IT TIED SUCCESSFUL IMPLEMENTATION OF THE ACT TO A WORKING PARTNERSHIP OF FEDERAL, STATE AND LOCAL GOVERNMENTS AND PRIVATE ORGANIZATIONS. THE PEOPLE OF NATCHEZ AND ADAMS COUNTY HAVE FURTHER ENCOURAGED THIS COOPERATION THROUGH A PRIVATE FOUNDATION ESTABLISHED SOLELY TO PROMOTE DEVELOPMENT OF THE PARK. THIS NON-PROFIT ORGANIZATION, FUNDED BY THE LOCAL CITIZENRY, HAS WORKED ALONGSIDE THE NATIONAL PARK SERVICE STAFF TO ACCOMPLISH THE TASKS CALLED FOR IN THE ACT.

ONE OF THE CONDITIONS OF THE ACT IS THE COMPLETION OF A MAP IDENTIFYING THE BOUNDARIES OF THE PARK. I UNDERSTAND THAT WHILE THE SECRETARY HAS NOT OFFICIALLY APPROVED THE MAP, THE STAFF IN

THE ATLANTA REGIONAL OFFICE OF THE NATIONAL PARK SERVICE HAVE PREPARED THE DOCUMENT.

ANOTHER MAJOR REQUIREMENT OF PL 100-497 IS THE ESTABLISHMENT OF HISTORIC DISTRICTS IN ORDER TO ENSURE THE PRESERVATION AND INTERPRETATION OF THE RESOURCES NEAR THE PARK. NATIONAL PARK SERVICE PLANNERS FROM THE ATLANTA REGIONAL OFFICE AND THE DENVER SERVICE CENTER HAVE VISITED NATCHEZ ON A NUMBER OF OCCASIONS TO ADDRESS THIS REQUIREMENT. I HAVE RECENTLY LEARNED THAT THESE DISTRICT BOUNDARIES HAVE BEEN TENTATIVELY SET AND WILL BE ADOPTED BY THE SECRETARY OF INTERIOR AFTER THE NATIONAL PARK SERVICE REPORTS TO CONGRESS ON THE HISTORIC PROPERTIES OF NATCHEZ.

THE ACT FURTHER REQUIRES THE NATIONAL PARK SERVICE TO PREPARE A STUDY ON THE FEASIBILITY OF EXTENDING THE NATCHEZ TRACE INTO THE CITY. CIVIL ENGINEERS FROM THE FEDERAL HIGHWAY ADMINISTRATION, NATCHEZ TRACE PARKWAY, NATIONAL PARK SERVICE DENVER OFFICE, AND THE CITY OF NATCHEZ TRAVELED SEVERAL ALTERNATIVE ROUTES DURING A SITE VISIT IN MID-MARCH. IT IS MY UNDERSTANDING THAT PRELIMINARY WORK HAS IDENTIFIED THE USE OF AN EXISTING CITY STREET AS THE MOST EXPEDITIOUS AND ECONOMICAL METHOD OF COMPLETING THE PARKWAY. IF THESE CONCLUSIONS ARE CORRECT THE NATIONAL PARK SERVICE WILL HAVE FOUND A WAY TO SUBSTANTIALLY REDUCE COSTS IN COMPLETION OF THE PARKWAY FROM FEDERAL, STATE, AND LOCAL GOVERNMENT.

ANOTHER PREREQUISITE FOR FUNDING IS THE APPRAISAL OF THE MELROSE ESTATE. INDEPENDENT APPRAISERS, APPROVED BY THE NATIONAL PARK SERVICE AND HIRED BY THE TRUST FOR PUBLIC LAND, HAVE CATALOGED AND APPRAISED THE VARIOUS REAL AND PERSONAL PROPERTIES ASSOCIATED WITH THE ESTATE. THESE FIGURES ARE BEING FORWARDED TO THE NATIONAL PARK SERVICE FOR FINAL REVIEW. THE OWNERS OF

MELROSE HAVE AGREED TO DONATE 25% OF THE MARKET VALUE TO THE PARK SERVICE.

ANOTHER SECTION OF THE ACT REQUIRES THAT THE FORT ROSALIE PROPERTIES BE REVIEWED AND CERTIFIED BY THE SECRETARY OF THE INTERIOR AS HAVING SUFFICIENT NATIONAL SIGNIFICANCE AND INTEGRITY. HIS AGREEMENT ON THIS ISSUE IS A PRECONDITION FOR INCLUDING THESE LANDS IN THE PARK. PURSUANT TO THE LAW, THE GOVERNOR OF MISSISSIPPI, THE MAYOR OF NATCHEZ AND THE STATE HISTORIC PRESERVATION OFFICER HAVE SUBMITTED THE NECESSARY SCHOLARLY DATA TO THE SECRETARY OF INTERIOR WHICH WILL ENABLE HIM TO MAKE AN INFORMED DETERMINATION REGARDING FORT ROSALIE. SECRETARY LUJAN HAS INDICATED TO ME PERSONALLY THAT HE WILL MAKE SUCH A DETERMINATION SHORTLY.

THE NATIONAL PARK SERVICE HAS ALSO CONDUCTED PRELIMINARY ESTIMATES ON THE VALUE OF THE FORT ROSALIE LANDS, BUT IS AWAITING SECRETARY LUJAN'S DECISION ON THE FORT SITE BEFORE FINALIZING THEIR APPRAISALS. I UNDERSTAND THAT THE OFFICIAL VALUE ESTIMATES CAN BE AVAILABLE WITHIN EIGHT WEEKS OF THE SECRETARY'S FINDINGS.

ANOTHER VERY IMPORTANT POINT THAT SHOULD BE RECOGNIZED HERE IS THE VARIOUS ACTIONS WHICH HAVE BEEN TAKEN BY THE STATE AND LOCAL GOVERNMENTS IN SUPPORT OF THE PARK. IN HIS TESTIMONY BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON INTERIOR LAST WEEK, CONGRESSMAN MIKE PARKER DISCUSSED THESE LOCAL EFFORTS AT SOME LENGTH.

I WOULD ALSO LIKE TO TAKE THIS OPPORTUNITY TO EMPHASIZE WHAT THE STATE AND LOCAL GOVERNMENT HAVE BEEN DOING TO HELP MAKE THIS PARK A REALITY.

THE NATIONAL PARK SERVICE'S EXPERIENCE HAS LED THEM TO RECOMMEND ADDITIONAL EFFORTS BY THE LOCAL COMMUNITY TO ENSURE THAT THE CITY IS PREPARED TO ACCOMMODATE THE ADDITIONAL TOURISM FLOW. NATCHEZ HAS AGREED TO UPDATE THE APPROPRIATE LOCAL ORDINANCES AND TO REVISE ITS MASTER PLAN WITH REGARD TO THE NATCHEZ NATIONAL PARK. PRIVATE TOURISM GROUPS HAVE COME TOGETHER TO FUND A DEVELOPMENT PLAN WHICH COMPLEMENTS THE PARK.

AMONG THE EXPLICIT REQUIREMENTS IS THE DONATION OF PUBLIC LANDS WITHIN THE BOUNDARIES OF THE PARK AND ALONG THE PATH OF THE TRACE PARKWAY. THE CITY OF NATCHEZ OWNS APPROXIMATELY FIFTEEN ACRES OF PROPERTY WITHIN OR ADJACENT TO THE FORT ROSALIE SITE WHICH MUST BE DONATED IF INCLUDED IN THE PARK. ANOTHER FIFTEEN ACRES OF CITY PROPERTY ARE WITHIN THE NATCHEZ UNDER-THE-HILL HISTORIC DISTRICT. FIVE ACRES OF CITY PROPERTY ARE INCLUDED IN A RIVERFRONT PART ALONG THE BLUFFS IN DOWNTOWN NATCHEZ. BOTH PARCELS ARE AVAILABLE TO THE NATIONAL PARK SERVICE SHOULD IT DESIRE TO EXPAND THE PARK'S BOUNDARIES.

THE CITY AND COUNTY OWN SEVERAL ACRES ALONG THE PATH OF ONE ALTERNATIVE TRACE PARKWAY EXTENSION ROUTE. IF THE NATIONAL PARK SERVICE DECIDES TO UTILIZE THAT ROUTE, THE PUBLIC LANDS WILL BE DONATED.

ALSO OF NOTE IS A RECENTLY ENACTED 50% INCREASE IN THE HOTEL AND RESTAURANT TAX IN NATCHEZ, ALL OF WHICH IS SET ASIDE FOR DEVELOPMENT OF THE NATCHEZ PARK. THIS TAX WILL GENERATE MORE THAN $160,000 IN THE FIRST FULL YEAR OF COLLECTIONS, A SIGNIFICANT ACHIEVEMENT FOR A SMALL MISSISSIPPI TOWN.

CERTAINLY THE MOST IMPRESSIVE INDICATION OF SUPPORT FROM THE STATE IS THE ONE MILLION DOLLARS FOR CAPITAL IMPROVEMENTS DEDICATED TO THE PARK WHICH WAS RECENTLY APPROVED DURING A

SPECIAL SESSION OF THE MISSISSIPPI LEGISLATURE. THIS AMOUNT IS EQUAL TO TWO THIRDS OF THE ENTIRE CAPITAL BUDGET FOR THE STATE PARK SYSTEM.

A SECOND MAJOR STEP WHICH THE STATE HAS INITIATED INVOLVES AN ADDITIONAL $2 MILLION ALLOCATION BY THE LEGISLATURE TO PROMOTE BUSINESS AND TOURISM OPPORTUNITIES (SEE ATTACHED LETTER FROM J. MACK HOLLADAY, DIRECTOR OF THE STATE DEPARTMENT OF ECONOMIC DEVELOPMENT). KNOWN AS THE MISSISSIPPI ADVERTISING AND PROMOTION (MAP) CAMPAIGN, THIS PROGRAM WILL MAKE AVAILABLE ABOUT HALF OF ITS ENTIRE PROMOTIONAL RESOURCES FOR TOURISM PURPOSES.

YET ANOTHER FEATURE OF THE SAME MAP PROGRAM IS THE COMMUNITY MATCHING FUND PROGRAM TO SUPPORT THE TOURISM PROMOTION EFFORTS OF LOCAL COMMUNITIES SUCH AS NATCHEZ. TO ASSIST FURTHER WITH ITS PARK-RELATED ACTIVITIES, NATCHEZ WOULD BE ELIGIBLE TO APPLY FOR SOME OF THESE FUNDS, WHICH TOTAL $250,000.

MR. CHAIRMAN, IN CLOSING, I WOULD LIKE TO RESTATE THAT THE NATIONAL PARK SERVICE IS MAKING TREMENDOUS PROGRESS WITH REGARD TO THE NATCHEZ NATIONAL HISTORICAL PARK. THE ENTHUSIASM AND DETERMINATION OF THE STATE AND LOCAL GOVERNMENT IS EVIDENT. THE NEXT STEP MUST BE FUNDING OF THE PARK TO ASSURE THAT THIS SOUTHERN TREASURE IS PRESERVED AND UTILIZED FOR THE ENTIRE COUNTRY'S EDUCATION AND ENJOYMENT.

LETTER FROM J. MAC HOLLADAY, DIRECTOR, DEPARTMENT OF ECONOMIC DEVELOPMENT, STATE OF MISSISSIPPI

April 28, 1989

Honorable Trent Lott
United States Senate
Washington, D.C. 20510

Dear Senator Lott:

The promotion of tourism related activities and locations will be a major effort of the Mississippi Department of Economic Development this next fiscal year, and the newly established Natchez National Historical Park figures prominently in those

plans. As you are already aware, recently the State Legislature approved one million dollars for capital improvements to help develop and provide access to the Natchez National Historical Park. In addition, I wanted you to know that the State Legislature has also allocated two million dollars to support the Mississippi Advertising and Promotional Campaign (MAP).

The MAP Campaign is designed to promote the excellent business and tourism opportunities within our state. Approximately fifty percent (50%) of the promotional resources will be available for tourism purposes. The largest part of these resources will be used to promote Mississippi as a tourism destination state.

Another part of the MAP Campaign is the Community Matching Fund Program. This program is designed to assist local communities develop promotional activities and highlight their local attractions. Up to $250,000 is available in the program. Communities may access these funds on a dollar for dollar match basis. The Natchez community would be eligible to apply for some of these funds which could be utilized for purposes related to the Natchez National Historical Park.

The Mississippi Department of Economic Development strongly supports the development of the Natchez National Historical Park. We believe that this project will serve important historic preservation needs, will have a positive impact on the local community, will create additional amenities and will attract more visitors to Mississippi.

Kindest regards,

J. Mac Holladay
Director

Chairman BYRD. Senator Cochran.

Senator COCHRAN. Senator, thank you very much. Let me compliment Senator Lott for his presentation to the committee. The materials that he provided to us will be very helpful, as we review the request for funding of this important new national park.

The local governments have made a substantial commitment of resources and they have been working very hard. That's a point that needs to be made; this is not just solely a Federal Government responsibility. Many people are expending a lot of time and effort and resources to try to make this park a reality. It will truly be a wonderful national asset, and I hope the committee can see its way clear to provide funds for the park in this next year especially.

Chairman BYRD. Thank you, Senator Cochran.

Senator LOTT. I appreciate that very fine, unbiased support. [Laughter.]

Chairman BYRD. Senator Lott, we thank you for your statement. The matter will be given very careful consideration, you may be sure.

Senator LOTT. Thank you, Mr. Chairman.

Chairman BYRD. Thank you.

STATEMENT OF HON. JAMES J. EXON, U.S. SENATOR FROM NEBRASKA

Chairman BYRD. Senator James Exon, we are pleased to have you.

NATIONAL ARBOR DAY CENTER

Senator EXON. Mr. Chairman, thank you very much. I have a brief statement that I will read. I know you have a lot of things to take up today and I do not want to take the time, especially with the two secretaries that are here.

I appreciate the fact that you have allowed me to come over to talk about this briefly today and I hope that you and the other members of the committee and the ones that are here now, Senator DeConcini, Senator Bumpers, and Senator Cochran, and now Senator McClure, will take a very close look at a project that I will be talking about today.

I appreciate having the chance to discuss this project which will have great importance to the Nation in the coming years. My colleague, Senator Bob Kerrey, who is a member of your committee, joins me in making this recommendation today.

As I previously informed you, Mr. Chairman, the National Arbor Day Foundation, located 30 minutes south of Omaha, NE, in Nebraska City, NE, seeks Federal funding to help build a National Arbor Day Center. The center would become a national and international resource to promote community forestry programs and disseminate information about forestry and conservation.

The National Arbor Day Foundation proposes to build a $12 million center in Nebraska City on the estate of the great statesman, Senator John Sterling Morton, the founder of Arbor Day. The center will be the Nation's only facility dedicated to tree planting and to conservation. This is a legitimate follow-on to the well-established and functioning activities by this nationally recognized organization.

Deforestation, pollution, and topsoil erosion all present a significant danger to the present and future generations. There is currently a great national need for a center to address this problem. The National Arbor Day Center would provide a means to plan and establish and implement an effective response to the national and international deforestation crisis that is with us right now. The center will serve as a year-round conference center. Tree planting and demonstration projects would be at the heart of this, along with a visitors facility.

Most importantly, the center would provide an excellent means to spread and to make available for use on a national and an international basis, the excellent knowledge that the United States has developed in this area of tree planting, forestry and conservation.

The center would provide conservation professionals and concerned citizens with a forum to launch an action plan to implement environmental stewardship plans. National and international conferences such as forestry, conservation, and community tree planting would be held at the center, and the center would be a home to demonstration projects to advance conservation scholarship.

The National Arbor Day Foundation is a national, private, nonprofit organization which has worked very closely, Mr. Chairman, over the years with the U.S. Forest Service to develop tree planting programs such as the popular and successful "Tree City USA" program. It has been an amazingly successful operation. It's a living legend, I would suggest, of what we can do.

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In closing, I just want to say in this era where global climate change and deforestation around the world pose a threat to our environment, the promotion of tree planting and reforestation is more important than ever, and I suggest the time to act is now.

The National Arbor Day Foundation proposal is an excellent example of private and public cooperation. The Arbor Day Foundation seeks only one-half of its funding for this project from the Federal Government. Six million dollars of the over $12 million project would be raised from private sources. This is not a soft match. It's a 50–50 dollar match all the way, and should be so spelled out.

Mr. Chairman, in this era of tight Federal budgets, I understand that funding for any project will not be easy. I ask the committee to consider that several projects funded under the special projects account have been recently been completed or soon will be.

Given the national need and the growing concern about the deforestation and conservation, both global and national, and the climate changes, the National Arbor Day Center is a project worthy of U.S. Senate's full support.

PREPARED STATEMENT OF JOHN ROSENOW

Mr. Chairman, I have a statement from Mr. John Rosenow, the Executive Director of the National Arbor Day Foundation, which explains in detail the National Arbor Day Center's proposal. I ask that his written remarks be made a part of the record at the conclusion of my remarks.

Chairman BYRD. Without objection, the request will be granted.

Senator EXON. I encourage all members to read this excellent statement by Mr. Rosenow and lend your collective and individual support to this key project.

Mr. Chairman, thank you very much.

[The statement follows:]

PREPARED STATEMENT OF JOHN ROSENOW

As Executive Director of The National Arbor Day Foundation, it is my privilege to submit this testimony in support of a request for matching funds from the federal government to aid in the development of the National Arbor Day Center in Nebraska City, Nebraska. The Center will be the only educational complex of its kind in the nation dedicated to tree planting and conservation. The plans to establish the Center are in direct response to an urgent national need for practical, action-oriented educational programs for the professionals and concerned citizens who will make the decisions about Earth's environmental future.

The National Arbor Day Foundation, a nonprofit educational organization dedicated to tree planting, conservation, and environmental stewardship, is well qualified to support America's efforts to provide environmental education programs for its citizens. The Foundation has established a network of 800,000 members and supporters in all 50 states and the District of Columbia. We have long had an effective partnership with the Forest Service-USDA, especially in the area of urban and community forestry. Through our educational programs—Tree City USA, Celebrate Arbor Day!, Conservation Trees, and Trees for America—we serve the teachers in the Nation's schools, foresters, conservationists, mayors, tree boards, city councils, and people of all ages and walks of life. We believe that every person is responsible for the environment and can protect and improve it.

The rapid deforestation of the Earth is linked to many of the world's most severe environmental problems, including the greenhouse effect, desertification, topsoil erosion, the threatened extinction of thousands of plant and wildlife species, and the silting in of crucial waterways. Yet, the global forest continues to be burned, bulldozed, and overharvested at a threatening rate. Trees are vital to maintaining the

balance of the global ecosystem; trees are essential to slowing global warming; trees will help to keep the planet fit for human habitation.

It is in the national interest to assure that conservation professionals and concerned citizens have the knowledge necessary to formulate, advocate, and implement effective environmental stewardship programs. To help satisfy this need, The National Arbor Day Foundation will establish an Institute to create and sponsor continuing education and professional development programs on conservation-related topics. The Institute will also convene national and international conferences of leaders and experts to encourage the exchange of information and collective problem-solving on issues of environmental concern. The Institute's overriding purpose will be to close the gap between what is known and what is practiced in order to achieve positive environmental change.

To accommodate the physical needs of the Institute and to allow for the expansion and diversification of educational programs as new needs emerge, The National Arbor Day Foundation plans to develop a $12.1 million National Arbor Day Center in Nebraska City, Nebraska. The Center is dedicated to increasing public awareness of, and participation in, tree planting and preservation, sound conservation practices, and wise environmental stewardship. The complex will be located on the original site of Arbor Day Founder J. Sterling Morton's estate, now owned and preserved by the Foundation as a National Historic Landmark.

The Center project includes the following components: the construction of an Education and Conference Facility to accommodate conferences of up to 400 people; the restoration of the Historic Barns that once served the Morton orchard and farming operation; the reconstruction of the historic Berger Creek Bridge, a gift from the State of Missouri; and a series of improvements on the 220-acre site including a trail system, interior roads, parking lots, and tree demonstration plantings.

To have a positive and lasting environmental impact, Americans must have the knowledge, the skills, and the motivation to slow the greenhouse effect, reforest the Earth, and use sound conservation practices within the context of their personal and professional lives. With the expanded training and adult education capabilities of the Institute, and with the realization of the proposed Center for the development and delivery of environmental education programming, The National Arbor Day Foundation will be prepared to offer substantial national assistance in achieving these goals.

To Arbor Day Founder J. Sterling Morton, a vigorous program of tree planting and stewardship made good sense for a young country needing food, fuelwood, building materials, and shelter from the blazing sun and strong winds to grow and prosper. He spoke emphatically about the unity of nature and the interdependence of the elements of the ecosystem, a concept that is now front page news as humanity faces a pending environmental crisis. In an Arbor Day address in 1885 Morton said, "Each generation of humanity takes the Earth as trustees. We ought to bequeath to posterity as many orchards and forests as we have exhausted and consumed." Now, more than a century later, each generation must exceed that goal by planting more trees than it used.

On behalf of The National Arbor Day Foundation, I ask for your support in making the plans for the Institute and the National Arbor Day Center a reality. Upon completion of this project, the Foundation will have the breadth of educational resources necessary to effectively reach, inform, and mobilize the vitally important adult, professional audience in the cause of wise environmental stewardship. The Foundation is eager to serve the nation in this important role.

Thank you, Mr. Chairman.

Chairman BYRD. Thank you, Senator Exon, for your testimony. And you may be sure the committee will carefully consider your request. Thank you very much for your appearance.

Does any other member have a question or a comment?

All right, thank you.

STATEMENT OF HON. PETE WILSON, U.S. SENATOR FROM CALIFORNIA

Chairman BYRD. Senator Wilson. Senator Cranston indicated that he would be a few minutes late so we'll proceed. Senator Wilson, if you please.

Senator WILSON. Thank you very much, Mr. Chairman. Mr. Chairman, I have a lengthy statement, and in the interest of your

time and the other witnesses I will submit it for the record and seek to summarize some of the more salient points.

Let me say at the outset that I am enormously enthused about President Bush's $206 million request for land acquisition. We have been consistently hovering around a $200 million appropriation for the last few years, but knowing that this level of funding has the support of the executive branch I think will be a major plus.

SANTA MONICA MOUNTAINS NATIONAL RECREATION AREA

When it comes to land acquisition needs, I would invite the attention of the committee to the particular needs of a growing series of metropolitan areas in my home State of California which are experiencing rather dramatic growth. In the south, the addition to the Santa Monica Mountains National Recreation Area, and I think you will hear from Congressman Beilenson who has long championed the need for this kind of recreation near to this major and growing urban center, can be a tremendous asset.

I am delighted to see that President Bush, having mentioned it in his State of the Union address, and having mentioned it last fall in his campaign after discussions that we had, is urging that $30 million be spent on land acquisition for the Santa Monica Mountains National Recreation Area. I think this is a major urban recreational priority.

BAY AREA RIDGELINE TRAIL

In the San Francisco Bay area, a project that gives great promise in an area that encompasses some 5½ million people is the proposed Ridgeline Trail that would actually create a 350-mile trail along the ridge line of the hills and mountains of the nine counties surrounding the San Francisco Bay. We are asking that $160,000 be appropriated to be used for planning and coordination of activities associated with that project.

CALIFORNIA DESERT AREAS

As you are aware. Mr. Chairman and members of the committee, the California desert is an area that is growing in importance as a recreation area. Some 3 million people annually visit the 12 million acres of California desert land. One of the things that is a very clear need is an increase in the ranger force there to prevent unauthorized uses. Some 45 rangers now patrol for the BLM, an area the size of Ohio.

I am advised by the BLM that they could use an additional 10 rangers. That strikes me as a modest request and a modest increase. I would think that they could use a good deal more than that. The cost of that would be about $500,000. As I say, this is an area that is growing in recreational use.

Tied in with the need for additional rangers are funds for additional recreational management in the East Mojave portion of the desert. Some $300,000 is required for construction of hiking trails, campground improvements, and visitor information services. There are additional funds that are being sought in connection with pro-

viding wildlife preserves, one of those having to do with an important desert species.

FOREST FIRES

Mr. Chairman, I will conclude simply by saying that an ongoing need in my State and throughout the West—Senator McClure is here and I am sure that he has similar needs in his home State of Idaho—has to do with providing adequate protection against the terrible tragic loss that is occasioned almost annually it seems by a terrible forest fire. The administration's $173.1 million budget proposal for forest fire protection frankly falls short of the amount which will be necessary for fire suppression activities next year.

I think the land and resource protection funds that are in this appropriation are really critical to helping the Forest Service prevent the spread of wildfires. In light of what happened last year at Yellowstone, I don't suppose I need to belabor the point. I think that was truly a national tragedy.

It is perhaps less well-publicized and less well-known, but because of the climatic conditions, California annually suffers forest fires which in many years take a truly tragic toll. A large and uncontrollable forest fire in the Southern California area could very easily spread to some highly densely populated urban areas. In fact, many have occurred in close proximity to densely populated areas.

I would suggest that a $196.2 million appropriation would be much nearer the mark. I think that is a cost-effective figure, consistent with the goal of a balanced Federal budget.

NORTHERN SPOTTED OWL

Another timber-related issue which has recently surfaced and grabbed much attention throughout Northern California has to do with the Fish and Wildlife Service's decision for proposed listing of the Northern Spotted Owl as a threatened species. Mr. Chairman, this may involve some rather controversial actions, but I think virtually everyone is agreed that there is need for an appropriation to at least allow some kind of sensible planning to go forward with respect to accommodating the needs for this species.

PREPARED STATEMENT

Mr. Chairman, I thank you for the courtesy of your attention. Obviously, with this list of witnesses, there is need to be brief, so I will conclude. I will be happy to entertain any questions you have and submit the balance for the record.

Chairman BYRD. Senator Wilson, the subcommittee is well aware of the problem of forest fires that you have. Your statement will be included in the record in its entirety.

[The statement follows:]

STATEMENT OF SENATOR PETE WILSON

MR. CHAIRMAN, I THANK THE COMMITTEE FOR THE OPPORTUNITY TO TESTIFY ON BEHALF OF CALIFORNIA PARKLANDS, WILDLIFE HABITAT AND OTHER IMPORTANT ECOSYSTEMS. I HAVE SEVERAL APPROPRIATION REQUESTS WHICH ARE DESERVING OF THE COMMITTEE'S ATTENTION THIS YEAR.

LAND ACQUISITION OF NEW PARKLANDS AND SENSITIVE HABITAT HAVE LONG BEEN ONE OF MY HIGHEST PRIORITIES SINCE COMING TO THE SENATE, AND I APPRECIATE THE ASSISTANCE THAT YOU HAVE GIVEN CALIFORNIA IN PAST YEARS. AS YOU CAN IMAGINE, THERE ARE MANY DESERVING PROJECTS WORTHY OF YOUR ATTENTION AGAIN THIS YEAR. HOWEVER, I REALIZE THE DIFFICULT JOB THAT YOU AND THE OTHER MEMBERS OF THE COMMITTEE HAVE IN TRYING TO BUDGET FOR THESE NEEDS ON A NATIONAL SCALE, AND FOR THIS REASON, WILL ONLY FOCUS ON CALIFORNIA'S MOST IMPORTANT LAND ACQUISITION NEEDS AT THIS TIME.

AT THE OUTSET, LET ME SAY HOW ENTHUSED I AM ABOUT THE PRESIDENT'S $206 MILLION REQUEST FOR LAND ACQUISITION. WE HAVE BEEN CONSISTENTLY HOVERING AROUND THE $200 MILLION APPROPRIATION MARK FOR THE LAST FEW YEARS, BUT KNOWING THAT THIS LEVEL OF FUNDING HAS THE SUPPORT OF THE EXECUTIVE BRANCH WILL BE A BIG PLUS.

WHEN IT COMES TO LAND ACQUISITION NEEDS, I CAN THINK OF FEW AS IMPORTANT AS THE SANTA MONICA MOUNTAINS NATIONAL RECREATION AREA. WHILE THIS PROJECT DID VERY WELL BY THIS COMMITTEE LAST YEAR, MUCH FUNDING REMAINS TO BE APPROPRIATED. THERE ARE LITERALLY THOUSANDS OF UNDEVELOPED ACRES -- PORTIONS OF CANYONS, WILDLIFE CORRIDORS AND TRAILWAYS THAT PROVIDE COASTAL ACCESS -- WHICH COULD BE PURCHASED WITH

SIGNIFICANT HELP FROM THE FEDERAL GOVERNMENT. FEDERAL BUDGET CONSTRAINTS HAVE LED TO ACQUISITION DELAYS AND HAVE ESCALATED THE PURCHASE COSTS OF MANY KEY PROPERTIES. WE NEED TO MAKE FUNDS AVAILABLE NOW BEFORE THE COSTS OF SOME OF THESE PROPERTIES BECOME PROHIBITIVE.

I REMEMBER TALKING TO PRESIDENT BUSH LAST FALL ABOUT THE URGENT NEED FOR SANTA MONICA MOUNTAINS FUNDING. HE CONCURRED WITH ME AT THE TIME, AND THEN MENTIONED IT IN HIS STATE OF THE UNION ADDRESS. IT'S GOOD TO SEE THAT HE IS GIVING REAL SUBSTANCE TO THIS PARTICULAR CAMPAIGN PROMISE. I AM AWARE THAT $30 MILLION CAN BE SPENT PROFITABLY FOR LAND ACQUISITION IN THE SMMNRA. THE COMMITTEE'S SUPPORT OF THIS LEVEL WOULD DEMONSTRATE A WILLINGNESS TO WORK WITH THE PRESIDENT IN FULFILLING THIS PARTICULAR BUDGET PRIORITY.

I AM AWARE OF AT LEAST TWO OTHER PARKLAND PROJECTS NEEDING FEDERAL FUNDING THIS YEAR. APPROXIMATELY $16 MILLION IS NEEDED TO COMPLETE THE PURCHASE OF PROPERTY ON SANTA CRUZ ISLAND IN THE CHANNEL ISLANDS NATIONAL PARK. ACQUIRING THE REMAINING 6,264-ACRE TRACT WILL PREVENT DEVELOPMENT OF THIS BEAUTIFUL SOUTHERN CALIFORNIA ISLAND AND COMPLETE FEDERAL PROTECTION OF THIS PARK.

IN ADDITION, MY PARK SERVICE CONTACTS HAVE IDENTIFIED THE NEED FOR $2.125 MILLION FOR OPERATION AND MAINTENANCE NEEDS, RESTROOM CONSTRUCTION, AND LAND ACQUISITION IN THE GOLDEN GATE NATIONAL RECREATION AREA. THIS IS ONE OF THE MOST POPULAR PARK UNITS IN THE ENTIRE PARK SYSTEM AND ACCORDINGLY DESERVES A HIGH BUDGET PRIORITY.

ANOTHER BAY AREA PROJECT THAT DESERVES THE COMMITTEE'S ATTENTION THIS YEAR IS THE SAN FRANCISCO BAY AREA RIDGE TRAIL. THIS PROJECT IS DESIGNED TO CREATE A 350-MILE TRAIL ALONG THE RIDGELINE OF THE HILLS AND MOUNTAINS OF THE NINE COUNTIES SURROUNDING THE SAN FRANCISCO BAY. WHEN COMPLETED, IT WILL PROVIDE AN IMPORTANT RECREATIONAL RESOURCE, FILLED WITH PANORAMIC VIEWS AND OTHER OUTDOOR ACTIVITIES, FOR THE CITY OF SAN FRANCISCO AND NEIGHBORING COMMUNITIES. I AM REQUESTING A $160,000 APPROPRIATION THAT WILL BE USED FOR PLANNING AND COORDINATION ACTIVITIES ASSOCIATED WITH THIS PROJECT.

I HAVE SEVERAL BUREAU OF LAND MANAGEMENT PROJECTS THAT I AM BRINGING TO THE COMMITTEE'S ATTENTION TODAY. THE FIRST IS THE CARRIZZO PLAIN IN THE SAN JOAQUIN VALLEY. THE SAN JOAQUIN VALLEY IS PRIMARILY NOTED FOR ITS AGRICULTURAL IMPORTANCE TO THE STATE OF CALIFORNIA, BUT THESE ARID LANDS ALSO PROVIDE IMPORTANT HABITAT FOR MANY PLANT AND WILDLIFE SPECIES, SEVERAL OF WHICH HAVE BEEN LISTED AS ENDANGERED. CONTINUED SUPPORT OF THIS PROJECT AT $5 MILLION WILL HELP TO CREATE A LARGE RESERVE IN THE SOUTHERN PORTION OF THE VALLEY FOR THE PROTECTION OF THESE SPECIES.

TURNING TO THE TWELVE MILLION ACRES OF BLM LANDS IN THE CALIFORNIA DESERT, THERE ARE A NUMBER OF ITEMS THAT SHOULD BE EARMARKED FOR APPROPRIATIONS. FIRST AND FOREMOST IS THE NEED FOR ADDITIONAL BLM RANGERS TO HELP PATROL AND PROTECT THE DESERT FROM UNAUTHORIZED USES. THE BLM CURRENTLY ONLY HAS 45 RANGERS TO PATROL AN AREA THE SIZE OF OHIO. I AM INFORMED THAT THEY COULD USE TEN MORE RANGERS AT A COST OF APPROXIMATELY $500,000. I WOULD SUSPECT THAT BLM WILL FIND

THAT THEY WILL END UP NEEDING EVEN MORE RANGERS, BUT THIS SEEMS LIKE A REASONABLE REQUEST AT THIS TIME.

TIED IN WITH THE NEED FOR MORE RANGERS IS THE NEED FOR ADDITIONAL FUNDS FOR RECREATIONAL MANAGEMENT IN THE EAST MOJAVE FORTION OF THE DESERT. $300,000 IS REQUIRED FOR THE CONSTRUCTION OF NEW HIKING TRAILS, CAMPGROUND IMPROVEMENTS, AND VISITOR INFORMATION SERVICES. MORE THAN THREE MILLION PEOPLE VISIT THE DESERT EACH YEAR, AND IT MAKES SENSE TO ENSURE THAT THE BLM HAS THE NECESSARY FUNDS TO PROPERLY MANAGE THIS UNIQUE DESERT RESOURCE.

YOU MAY HAVE HEARD ABOUT THE POSSIBLE LISTING OF THE DESERT TORTOISE AS AN ENDANGERED SPECIES. THIS CREATURE IS THOUGHT BY MANY TO BE AN IMPORTANT INDICATOR SPECIES FOR THE HIGHLY FRAGILE CALIFORNIA DESERT ECOSYSTEM. I AM SUPPORTING A BLM APPROPRIATION OF $1.2 MILLION FOR LAND ACQUISITION AT THE DESERT TORTOISE NATURAL AREA WHICH WILL HELP PROVIDE CRITICAL DESERT HABITAT. AN ADDITIONAL $600,000 SHOULD BE EARMARKED FOR DESERT TORTOISE MANAGEMENT PROGRAMS THAT INCLUDE PREDATORY RAVEN CONTROLS, POPULATION STUDIES, PROTECTIVE FENCING AND HABITAT REHABILITATION.

TURNING TO FISH AND WILDLIFE PRESERVATION NEEDS, THERE ARE TWO WILDLIFE REFUGES IN CALIFORNIA WHICH MERIT PARTICULAR ATTENTION. FIRST, THE SACRAMENTO RIVER NATIONAL WILDLIFE REFUGE DESERVES AT LEAST $2 MILLION -- AND POSSIBLY AS MUCH AS $6 MILLION -- THIS YEAR TO HELP PROTECT WHAT REMAINS OF THE RIPARIAN FOREST AND WETLAND HABITAT ALONG THE SACRAMENTO RIVER. THE ECOSYSTEM BETWEEN RED BLUFF AND COLUSA HAS BEEN THREATENED BY WATER DEVELOPMENT, BANK STABILIZATION, AGRICULTURE AND URBAN GROWTH. THIS MONEY WOULD ALLOW FOR THE

ACQUISITION OF HABITAT THAT IS ESSENTIAL IN SUPPORTING MANY DIFFERENT WILDLIFE POPULATIONS, INCLUDING MIGRATORY WATERFOWL AND SEVERAL ENDANGERED, THREATENED AND CANDIDATE SPECIES.

THE SAN FRANCISCO BAY AREA NATIONAL WILDLIFE REFUGE ALSO DESERVES AT LEAST $8 MILLION FOR LAND ACQUISITION. UNFORTUNATELY, THE BAY AREA'S WILDLIFE HABITAT HAS SLOWLY BEEN DESTROYED OVER THE LAST CENTURY AS THE SAN FRANCISCO METROPOLITAN AREA HAS CONTINUED TO GROW. IT WAS FOR THIS REASON THAT I WORKED LAST YEAR TO SUCCESSFULLY PASS LEGISLATION TO NEARLY DOUBLE THE SIZE OF THE EXISTING 22,000-ACRE REFUGE. THE REFUGE IS HOME TO FOUR ENDANGERED SPECIES AND PROTECTS THE HABITAT OF A NUMBER OF OTHER WILDLIFE SPECIES. LAND ACQUISITION FUNDS ARE GOING TO BE A TOP PRIORITY IN ENSURING CONTINUED PROTECTION OF THIS CRITICAL WETLAND HABITAT.

THERE ARE ALSO SEVERAL FOREST SERVICE LAND ACQUISITION NEEDS. A $6 MILLION APPROPRIATION IS NECESSARY TO ACQUIRE TWO PROPERTIES ALONG THE 2,620-MILE COURSE OF THE PACIFIC CREST NATIONAL SCENIC TRAIL. THIS TRAIL ORIGINATES AT THE MEXICAN BORDER AND WINDS ITS WAY THROUGH CALIFORNIA, OREGON AND WASHINGTON UP TO THE CANADIAN BORDER.

$5 MILLION OF THIS MONEY WOULD BE USED TO ACQUIRE 6,232 ACRES IN THE CASTLE PEAK AREA OF THE TAHOE NATIONAL FOREST THAT IS THREATENED BECAUSE OF EXCESSIVE LOGGING. THE AREA PROVIDES EXCELLENT RECREATIONAL ACTIVITIES SUCH AS HIKING, SKIING AND FISHING, AND ALSO SERVES AS THE HABITAT FOR BLACK BEAR, GOLDEN BEAVER, BOBCAT, RED FOX, PINE MARTEN AND BIRD POPULATIONS, INCLUDING THE ENDANGERED BALD EAGLE AND PEREGRINE FALCON.

THE REMAINING $1 MILLION WOULD BE USED FOR THE ACQUISITION OF THE 640-ACRE CARSON PASS PROPERTY IN THE EL DORADO NATIONAL FOREST. THIS PROPERTY IS LOCATED PARTIALLY IN THE MOKELUMNE WILDERNESS AND IS A TOP PRIORITY ACQUISITION FOR THE PROTECTION OF RECREATIONAL ACTIVITIES AND SCENIC AREAS AND THE DEVELOPMENT OF VISITOR FACILITIES ALONG THIS PORTION OF THE PACIFIC CREST TRAIL.

FOREST SERVICE ACQUISITION OF THE MONACHE AND TAYLOR MEADOWS IN THE INYO AND SEQUOIA NATIONAL FORESTS, RESPECTIVELY, ARE ALSO TOP PRIORITIES. THE MONACHE MEADOW IS SURROUNDED BY DESIGNATED WILDERNESS AREAS AND IS TRAVERSED BY THE SOUTH FORK OF THE KERN RIVER, RECENTLY DESIGNATED BY CONGRESS AS WILD AND SCENIC. IT IS HOME TO SOME OF THE LAST REMAINING GOLDEN TROUT IN THE WORLD, DISPLAYS A WIDE VARIETY OF PLANT SPECIES AND PROVIDES HABITAT FOR A NUMBER OF IMPORTANT CALIFORNIA WILDLIFE, INCLUDING DEER, BLACK BEAR AND MOUNTAIN LION.

THE TAYLOR MEADOW IN THE SEQUOIA NATIONAL FOREST OFFERS SCENIC, RECREATIONAL AND NATURAL VALUES, BUT IS CURRENTLY THREATENED BY ZONING WHICH WOULD ALLOW FOR A HOUSING DEVELOPMENT IN THE MEADOW. THE OWNER HAS AGREED NOT TO PROCEED WITH THIS ACTION AND INSTEAD HAS DECIDED TO OFFER TAYLOR MEADOW FOR PUBLIC ACQUISITION THIS YEAR.

AN APPROPRIATION OF $1.53 MILLION WOULD GUARANTEE PROTECTION OF BOTH OF THESE KEY MEADOW PROPERTIES.

ANOTHER FOREST SERVICE PROJECT WHICH THE COMMITTEE HAS SUPPORTED IN THE LAST TWO YEARS IS HOPE VALLEY IN THE TOIYABE NATIONAL FOREST. BETWEEN FIVE AND TEN MILLION IS NEEDED TO

SECURE APPROXIMATELY 15,000 AVAILABLE ACRES IN THE VALLEY AND PRESERVE THIS POPULAR RECREATIONAL AREA FROM THE KIND OF DEVELOPMENT WHICH HAS OCCURRED IN NEARBY SOUTH LAKE TAHOE.

LAND ACQUISITIONS IN THE CARSON-ICEBERG WILDERNESS AREA IN THE EASTERN SIERRA SHOULD ALSO BE HIGHLIGHTED BY THIS COMMITTEE. THIS AREA IS AN ATTRACTIVE RECREATIONAL AREA AND PROVIDES HIGH QUALITY HABITAT FOR DEER. AN APPROPRIATION OF $2.1 MILLION IS NECESSARY TO PRESERVE THIS AREA.

THE PROJECTS THAT I HAVE MENTIONED HERE TODAY ARE DESIGNED TO ILLUSTRATE THE MANY LAND PRESERVATION NEEDS OF CALIFORNIA. THERE ARE A NUMBER OF OTHER PROJECTS THAT THE COMMITTEE WILL HEAR ABOUT THAT ARE EQUALLY DESERVING OF THE COMMITTEE'S ATTENTION, AND I TRUST THE COMMITTEE WILL PAY CLOSE ATTENTION TO THESE REQUESTS AS WELL.

TURNING TO THE FOREST SERVICE'S TIMBER SALE MANAGEMENT PROGRAM, I WOULD LIKE TO REGISTER MY SUPPORT FOR THE ADMINISTRATION'S TIMBER SALE PROGRAM AND A COMMENSURATE ROADS BUDGET. A NATIONWIDE SALE PROGRAM OF AT LEAST 11.35 BILLION BOARD FEET OF TIMBER WILL ALLOW A SALE PROGRAM OF UP TO 1.85 BILLION BOARD FEET IN CALIFORNIA.

HOWEVER, THE ADMINISTRATION'S $173.1 MILLION BUDGET PROPOSAL FOR FOREST FIRE PROTECTION FALLS SHORT OF THE AMOUNT WHICH WILL BE NECESSARY FOR FIRE SUPPRESSION ACTIVITIES NEXT YEAR. LAND AND RESOURCE PROTECTION FUNDS ARE VITAL TO HELPING THE FOREST SERVICE PREVENT THE SPREAD OF WILDFIRES. FOR INSTANCE, SOUTHERN CALIFORNIA HAS AN ABUNDANCE OF DRY GROWTH AND IS CONSIDERED ONE OF THE HIGHEST NATURAL FIRE HAZARDS IN THE WORLD. A LARGE AND UNCONTROLLABLE FOREST FIRE

IN THIS REGION OF THE STATE COULD VERY EASILY SPREAD TO SOME HIGHLY POPULATED URBAN AREAS. I BELIEVE THAT A $196.2 MILLION APPROPRIATION WOULD BE COST EFFECTIVE AND CONSISTENT WITH THE GOAL OF A BALANCED FEDERAL BUDGET.

ANOTHER TIMBER RELATED ISSUE HAS SURFACED RECENTLY WHICH HAS GRABBED THE PUBLIC'S ATTENTION THROUGHOUT NORTHERN CALIFORNIA AND THE PACIFIC NORTHWEST. I AM SPEAKING OF COURSE OF THE FISH AND WILDLIFE SERVICE'S DECISION TO PROPOSE THE LISTING OF THE NORTHERN SPOTTED OWL AS A "THREATENED" SPECIES.

IN ORDER TO FACILITATE A FAST ROAD TO RECOVERY FOR THE SPOTTED OWL AND ENSURE MINIMAL DISRUPTION TO THE TIMBER INDUSTRY'S LOGGING PROGRAM, I AM PROPOSING THAT THE COMMITTEE APPROPRIATE SOME ADVANCE PLANNING MONEY FOR THE LISTING PROCESS. BECAUSE THE OWL'S PROPOSED LISTING IS STILL PENDING, THE FISH AND WILDLIFE SERVICE HAS YET TO DETERMINE HOW MUCH MONEY WILL BE NEEDED FOR THIS PURPOSE. NONETHELESS, I HOPE TO HAVE A MORE PRECISE FIGURE WHEN YOU BEGIN MARKUP OF THE FY90 INTERIOR APPROPRIATIONS BILL LATER THIS YEAR. I SHOULD NOTE THAT THE FISH AND WILDLIFE SERVICE HAS INFORMED ME THAT THIS WOULD NOT BE THE FIRST TIME THAT PLANNING MONEY HAS BEEN APPROPRIATED BEFORE THE LISTING OF AN ENDANGERED OR THREATENED SPECIES.

MR. CHAIRMAN, I APPRECIATE YOUR WILLINGNESS TO HEAR MY VIEWS ON THESE MATTERS. AS THE COMMITTEE PREPARES FOR MARKUP, I WILL REMAIN IN TOUCH IN ORDER TO UPDATE YOU ON ANY NEW DEVELOPMENTS. AS ALWAYS, I LOOK FORWARD TO WORKING WITH YOU TO MOVE THIS YEAR'S BILL THROUGH CONGRESS IN A TIMELY FASHION.

Chairman BYRD. Does any other member wish to speak or ask a question?

Senator Bumpers.

Senator BUMPERS. Mr. Chairman, I have one question.

Senator Wilson, has the California desert bill been introduced again this session yet?

Senator WILSON. I believe it has. I think Senator Cranston introduced it.

Senator BUMPERS. You're not on board on that?

Senator WILSON. No; we have a disagreement on the critical matter of access. We are agreed in what are the goals of this legislation but we really haven't resolved that. I think that similar legislation has been introduced on the House side.

Senator BUMPERS. How would you guess the chances are of you and Senator Cranston getting together on that? That bill is in my subcommittee of the Energy Committee. I'd like to move that bill, but I'd certainly like for you all to be in agreement on it.

Senator WILSON. Well, I would hope that we could come to an agreement, Mr. Chairman. I will just express the hope.

Senator BUMPERS. Thank you, Mr. Chairman.

Chairman BYRD. Thank you, Senator Wilson.

Senator WILSON. Thank you very much, Mr. Chairman.

STATEMENT OF HON. ANTHONY C. BEILENSON, U.S. REPRESENTATIVE FROM CALIFORNIA

Chairman BYRD. Senator Cranston is not here yet. Is Representative Anthony Beilenson here?

Representative BEILENSON. Yes, Mr. Chairman; I am.

Chairman BYRD. Representative Beilenson, would you please proceed?

SANTA MONICA MOUNTAINS NATIONAL RECREATION AREA

Representative BEILENSON. Thank you very much, Mr. Chairman and gentlemen. It is kind of you to let me come back and testify again on this matter of the Santa Monica Mountains. I, too, shall summarize my request and submit my statement for the record. I mean to be quite brief.

Chairman BYRD. Very well.

Representative BEILENSON. I am here to speak about the Santa Monica Mountains, Mr. Chairman. We very much appreciate your past support for that national recreation area. With the $11 million you provided last year, the Park Service acquired 2,441 acres of prime parklands, the most beautiful and wonderful parklands we have yet acquired for this particular park.

We acquired them from the Santa Monica Mountains Conservancy, a State agency, and the conservancy will be using the $8 million it received from the Park Service for those lands to buy other lands as the Park Service directs it to buy. In effect, we are doubling the use of our Federal funds, an arrangement that allows the conservancy and the Park Service to pool their funds and buy properties which might be otherwise be too expensive for either one to buy alone.

It is a truly great example of the Federal-State cooperation that was always envisioned for this park and that is now beginning to result in an extremely effective use of the funds. We are hoping that those $8 million will be used to expand and protect Paramount Ranch, a major activity site in the Santa Monicas. That was a top priority purchase that we sought for this year and which you gave us funding for last year. However, that property is currently the subject of litigation so its purchase is uncertain. If the money cannot be used there, there are other areas, of course, where it can properly be applied.

Much remains to be done. About one-half of the land the Park Service needs to acquire is still in private ownership, so it will take substantial funding over the next few years to complete the land acquisition program, but we are well along the way and I think we are building a truly remarkable and beautiful park.

As I've said many times before, if the money is appropriated sooner rather than later, the cost of the park will be much less because we'll be able to buy the land before property prices go even higher.

Our specific request for next year, the properties we hope to acquire, is listed in the addendum to my statement, where we talk about three major areas that we are most interested in saving from developers as soon as possible.

Our statement also lists three administrative matters, matters quite minor in terms of monetary value, in the park which we would like your help with, too, if that's at all possible.

Finally, I'd like to emphasize if I may, Mr. Chairman, that land in the Santa Monicas is really a worthwhile investment for the Federal Government. Because of the huge population in the Los Angeles area, the park has the potential to be and I think soon will be the most frequently visited of any unit of the National Park Service. In terms of providing outdoor opportunities for the greatest number of people, there is really no better use of our scarce Federal park dollars than continued land purchases in the Santa Monicas.

Finally—I just said finally—but finally, really, as you probably know and as Senator Wilson just mentioned to you, President Bush's budget proposal singled out the Santa Monica Mountains as an example of the kind of park unit that his administration is particularly committed to expanding and developing, a complete reversal of the previous administration's position.

We hope that having support from the White House will at least make it easier for your subcommittee to continue providing funds for the park.

Mr. Chairman, thank you very much for your letting me again, as you have very kindly each year, come before you and appeal for funds for this park. I believe that it is a beautiful and worthwhile park. It is developing in quite a special place. We appreciate very much your past support and hope for your support this year, sir.

[The statement follows:]

STATEMENT OF REPRESENTATIVE ANTHONY C. BEILENSON

Mr. Chairman, I appreciate the opportunity to testify before your subcommittee in support of funding for the Santa Monica Mountains National Recreation Area (NRA), which is located partially in the congressional district I represent.

We very much appreciate the $11 million your subcommittee made available for the Santa Monica Mountains for FY 89. With those funds, the National Park Service has been able to make an enormous amount of progress in expanding the park's land base. It has acquired 2,441 acres of prime park lands that had been purchased previously by the state's land-buying entity, the Santa Monica Mountains Conservancy, at a time when the Park Service was short of funds.

And, there's still more to come: the Conservancy has agreed to spend the $8 million it received from the Park Service for the those lands to buy whatever land the Park Service directs it to buy. This arrangement allows the two governments to pool their funds and buy properties which might be too expensive for either one to buy alone. It's a great example of the kind of federal-state co-operation that was always envisioned for this park, and it's resulting in an extremely effective use of our limited funds.

We are hoping that the $8 million will be used in conjunction with state funds to purchase a 314-acre parcel adjacent to Paramount Ranch, which would expand and protect that important activity site. At the moment, however, the fate of that land is uncertain. The owner, who wants to build houses on it, was successful in getting County approval of his development plan, which may have placed the cost of land out of the reach of the Park Service and the Conservancy. However, three local organizations which support the park have sued the County over their decision, and we will have to wait and see what happens with the lawsuit before we know whether it makes sense for the

Park Service and Conservancy to pursue the purchase of that property or use the $8 million to acquire other lands.

Meanwhile, much remains to be done. More than half of the land the Park Service needs to acquire is still in private ownership, and it will take substantial amounts of appropriations over the next few years to complete the land acquisition program. For FY 90, we are seeking an appropriation that would provide for the acquisition of three areas: Corral Canyon, one of the last remaining undeveloped coastal canyons; the Backbone Trail, the park's major hiking and horseback riding trail; and Zuma and Trancas Canyons, where the Park Service has already made a substantial investment. Descriptions of these lands, along with a list of other areas which we would like to add to the park, are in the addendum to this statement.

There are also three administrative matters I would like to request the subcommittee's help with. Two pertain to land acquisition, and one to operations and maintenance.

Four years ago, the National Park Service agreed to reimburse the Mountains Restoration Trust for a $650,000 parcel the Trust had purchased at a substantial discount for the park. However, the Park Service refused to fulfill that agreement after former Director William Penn Mott told the superintendent of the park not to acquire any land that was not within the specific areas that Mr. Mott wanted to acquire. Even though the Mountains Restoration Trust land is slated for acquisition under the approved 1987 Land Protection Plan, Park Service personnel are constrained to follow what is referred to as the "Mott map," a plan that never went through the normal approval process, including public comment.

To facilitate the reimbursement to the Mountains Restoration Trust and to otherwise give the Park Service the latitude it needs to make previously planned transactions, it would be extremely helpful if the subcommittee would direct the Park Service to continue to operate under the approved 1987 Land

Protection Plan until such time as that plan is officially revised.

A second adminstrative problem is one the park has been struggling with for several years--the lack of an on-site land acquisition operation. For the first five or six years of the park's existence, the Santa Monicas had its own on-site land acquisition office. Then, in a short-sighted and counter-productive move, the adminstration decided to handle land acquisition for the Santa Monicas from the regional office in San Francisco. As a result, there is no on-site expertise, and there is no one who is keeping track day-to-day of the changes that occur in ownership of lands the park wants to acquire, and we are probably missing opportunities to purchase land at bargain prices.

If this subcommittee continues to provide a substantial amount of park land acquisition funds to the Santa Monicas, as I certainly hope it will, I would also hope that you would help ensure that those funds are spent as wisely as possible by directing the Park Service to have at least one land acquisition officer working on site in the Santa Monica Mountains.

Finally, I would like to request an additional $613,000 in annual operations and maintenance funds for the Santa Monicas. More funds are needed this year for the two areas recently acquired by the Park Service, Circle X Ranch and Lower Zuma Canyon. Circle X Ranch has the park's first overnight camping facilities, which are a wonderful addition to the park, but which require more funds to operate and maintain than the Santa Monicas now has in its budget.

Mr. Chairman, I believe strongly that the purchase of land in the Santa Monicas is truly a cost-effective use of our scarce federal funds. Already, more than half a million people visit the federal lands within the Santa Monicas annually. The mild climate of Southern California invites year-round usage from the thirteen million people who live within an hour's drive of the

park as well as the many millions of out-of-state visitors to Los Angeles each year who are using this park in increasing numbers. In terms of providing outdoor recreational opportunities for the greatest number of people now and in the future, there is probably no better use of park service funds than the continued acquisition of park land in the Santa Monicas.

Furthermore, buying land in the Santa Monica Mountains now will save the federal government money in the long run. Because land in the Santa Monicas is extremely prone to fires, floods, and mudslides, if the land is developed instead of purchased for the park, we are almost certain to pay exorbitant amounts in federal disaster relief for the increasing number of homeowners there who become victims of natural disasters.

In closing, I just want to note that, as you probably know, President Bush's budget proposal singled out the Santa Monica Mountains NRA as an example of the kind of park unit that his administration is particularly committed to expanding and developing--a complete reversal of the previous administration's position. Although I understand the President has not yet proposed a specific dollar amount for the park, I hope that having support from the White House will at least make it easier for your subcommittee to continue providing funds for this park.

We very much appreciate all the help and support this subcommittee has given Santa Monica Mountains NRA in the past, especially in light of the budget constraints Congress has had to operate under during this decade. We very much hope that you will be able to provide a substantial appropriation for the park for FY 90.

Thank you, again, for the opportunity to testify and for your consideration of this request.

Addendum to Statement of Congressman Anthony C. Beilenson

Santa Monica Mountains National Recreation Area
Acquisition Priorities for FY 90

Corral Canyon

Acreage: 340
Estimated cost: $6.8 million
Description:

Corral Canyon is one of the last remaining undeveloped coastal canyons in the Santa Monicas, and it contains a critical sea-to-mountain trail corridor. Land in the canyon is divided between private and public ownership. NPS is trying to acquire the public land, owned by the City of Los Angeles, through an exchange; Rep. Howard Berman and other members of the California delegation are sponsoring legislation to implement the proposed exchange. Part of the privately owned land is threatened with development; if it is developed, it is much more likely that the remaining privately owned land will be also be developed.

Backbone Trail Corridor

Acreage: 1930
Estimated cost: $12.5 million
Description:

The Backbone Trail, when complete, will be a continuous 55-mile hiking and horseback riding trail. It will serve as the main trunk of the mountain's trail system, linking canyons, ridges, the ocean, and park activity sites. Currently, about 11 miles of the trail are still unprotected, and many of the tracts along the trail are threatened with development.

Upper Zuma and Trancas Canyons

Acreage: 1677
Estimated cost: $11.4 million
Description:

Zuma and Trancas Canyons comprise a large mass of undeveloped, unspoiled land where NPS has already made a considerable investment. They contain a rich diversity of wildlife, including the mountain lion and golden eagle. Acquisition of this area will provide key links with other public lands.

There are also other valuable lands we would like to see NPS acquire in FY 90 if even more funds were available. They include: areas around Topanga Canyon, Tuna Canyon, Temescal Canyon, the Rancho Sierra Vista/Satwiwa-Leo Carillo connection, and the Rancho Sierra Vista extension.

Chairman BYRD. Thank you, Mr. Beilenson. The subcommittee appreciates your appearance and your testimony, and your request will be given careful consideration.

Representative BEILENSON. If I may, Mr. Chairman, I'd like to leave behind a map and a brochure describing the park to give you and some of the members some feel for what's happened here.

As I just said a couple of times, the park is developing into quite a special place and I think you get some feel for the amount of use, the number of hikers, and other uses of the park in this brochure, and what the park looks like in this pamphlet. It is becoming something very special.

Chairman BYRD. Very well. Thank you.

Senator Cranston is not here yet. Senator Levin is on his way.

Senator BUMPERS. Mr. Chairman, before this gentleman leaves, I spent a day in this park. For the benefit of the other members of the committee, it's the most unique park in the United States as an urban park.

What is the total size of it?

Representative BEILENSON. It's about 16,000 acres now, Senator.

Senator BUMPERS. That's what you have acquired.

Representative BEILENSON. Yes, sir.

Senator BUMPERS. But the total area that's embraced in the Santa Monica Mountains National Monument is over 50,000 acres.

Representative BEILENSON. Yes, sir; it's about 50,000 acres. And included in that, of course, is a lot of State parkland. The State, in fact, has just contributed $30 million to acquiring additional land in the Santa Monicas through a bond proposal which was passed last year.

Senator BUMPERS. The State is putting $30 million in?

Representative BEILENSON. $30 million more. They had already put in about $50 million before, so they have contributed a great deal to acquiring parkland in this area.

Senator BUMPERS. The cost out there is running $4,000 to $7,000 an acre, isn't it?

Representative BEILENSON. It is, sir. More for some of the properties, and less for others.

Senator BUMPERS. Well, you don't plan to acquire the whole—obviously a lot of it is fully developed. How much land do you intend to actually acquire?

Representative BEILENSON. We hope to acquire, Senator Bumpers, approximately another 15,000 to 18,000 acres.

Senator BUMPERS. So that you will have a total of how much?

Representative BEILENSON. In terms of Federal total, probably 35,000 to 36,000 acres.

Senator BUMPERS. And then how much State land?

Representative BEILENSON. I'm not sure I have the correct—I'm reaching, but it's more than that.

Senator BUMPERS. Well, what is the total area that you're trying to——

Representative BEILENSON. We're not buying the entire area.

Senator BUMPERS. I understand that. But you're trying to get people to cooperate with you on scenic easements and development and that sort of thing. What is the total acreage?

Representative BEILENSON. In terms of parkland in fee, I think we'll have close to between 80,000 and 90,000 acres.

Senator BUMPERS. You're still not answering my question. If you look at that map there, you see that the park embraces——

Representative BEILENSON. About 150,000 acres in that area.

Senator BUMPERS. OK. That's my point.

Representative BEILENSON. Forgive me. I did not understand your question.

Senator BUMPERS. And you're hoping to only acquire about one-half that amount?

Representative BEILENSON. Yes, sir; a little bit over one-half.

Senator BUMPERS. We're going to be forever doing this at the rate we're going.

Representative BEILENSON. Well, that's a fair comment, Senator. But as the gentleman knows, we were going to acquire this property in the first 5 years. If we had done that, if we had had any support from the Reagan administration in the first few years—as you know, he zeroed out all the parkland acquisition funds for any parks anywhere in the country—we could have acquired more land than we are now looking at acquiring for less money than we're going to end up spending.

That's the argument I made every year, what we're faced with.

Senator BUMPERS. OK. You've made my point. That's what I wanted you to say. [Laughter.]

Representative BEILENSON. Thank you, Mr. Chairman, very much.

Senator MCCLURE. Mr. Chairman.

Chairman BYRD. Yes, Senator McClure.

PREPARED STATEMENT OF SENATOR WILLIAM ARMSTRONG

Senator MCCLURE. Senator Armstrong wanted a statement entered as part of the record with respect to the National Research Center for Environmental Lung Disease.

Chairman BYRD. That will be included, Senator McClure.

[The statement follows:]

PREPARED STATEMENT OF SENATOR WILLIAM ARMSTRONG

American miners were the first to suffer from exposure to respirable contaminants. But, as people are exposed to more and more pollutants and allergens in the workplace, at home and in the general environment, there will be a greater toll on their respiratory system, especially among those who already suffer from, or are susceptible to lung diseases. About 20 perent of the U.S. population, or 48 million people report having a chronic respiratory problem such as asthma, emphysema, chronic bronchitis, and pneumoconiosis (black lung). Lung diseases are a major cause of disability among both adults and children, causing more lost days of work and school than any other major disease. It is estimated that lung diseases cost our economy $32 billion each year in direct health care and lost productivity.

Under authority granted by the Federal Mine Safety and Health Act, the Bureau of Mines conducts and supports occupational health research programs. The Bureau's research program provides technology to control and reduce the harmful airborne contaminant levels in the Nation's mines to comply with Federal standards, and focuses primarily on controlling hazardous respirable dust as well as noise levels in mining operations. But controlling the levels of airborne contaminants is not the Bureau's sole responsibility. The Bureau also works to set the levels at which those contaminants become dangerous to the health of the mine worker. To be able to set those standards, concise information in needed. The Bureau must play a role in finding the causes of lung diseases so that we can appropriately target our

Nation's resources to find not only ways to mitigate the impact those diseases have, but also the treatments and cures for these devastating conditions.

In line with that need, the National Jewish Center for Immunology and Respiratory Medicine is proposing the establishment of a National Research Center for Environmental Lung Disease. National Jewish seeks federal support to share in the cost of constructing and equipping this facility.

National Jewish was established as a tuberculosis treatment center in 1899. Today it is the world's foremost medical center for the study and treatment of lung diseases and disorders in the immune system. National Jewish is a state-of-the-art clinical care and research facility which brings together patients, physicians and researchers. The National Research Center for Environmental Lung Disease would expand and accelerate the search for causes, effects, treatments, and cures for lung diseases related to occupational, environmental, and immunological factors.

The National Research Center for Environmental Lung Disease will study occupational and environmental airborne contaminants, will research the long term health effects of chronic exposure to relatively low levels of those contaminants, will research the effects exposure has on the the immune system, and will conduct exposure studies on airborne contaminant toxology. All this information will not only contribute to the safety of those working in mines, but may help find cures for those already devastated by a life-time of exposure.

It is certainly not enough for the Bureau to simply set Federal standards on an array of airborne contaminants without knowing the long term impact that those levels will have on American workers. The Bureau must support projects like the National Research Center for Environmental Lung Disease so that the technological devices they create are targeted properly and effectively.

This is a very worthy project, one which deserves to be supported. It will enhance our Nation's commitment to protect the health and safety of miners, and may someday make for healthier workplaces.

STATEMENT OF HON. ALAN CRANSTON, U.S. SENATOR FROM CALIFORNIA

Chairman BYRD. Senator Cranston, we were awaiting with great anticipation your arrival, and you didn't keep us waiting at all. So would you please proceed?

SANTA MONICA MOUNTAINS NATIONAL RECREATION AREA

Senator CRANSTON. Thank you very much. I appreciate the opportunity to testify and I thank you for putting me on the moment I happened to show up.

Chairman BYRD. Senator Wilson and Representative Beilenson have just preceded you, I think testifying on the same subject in which you're interested.

Senator CRANSTON. Thank you very much. I'll be quite brief. I have a longer statement to go in the record.

I appreciate the opportunity to appear before the subcommittee to request continued funding for the Santa Monica Mountains National Recreation Area Land Acquisition Program. As members of the subcommittee know, the Santa Monica Mountains National Recreation Area is an extremely valuable natural resource to the people of California and the Nation. It is the only Mediterranean type ecosystem included in our National Park System. Moreover, with its tremendously scenic coastal canyons and unspoiled mountain lands, the Santa Monica Mountains offer vast recreational opportunities for the public and, because it is located in the midst of a heavily populated, rapidly growing urban area, where open space is very, very limited, the Santa Monica Mountains Park promises to be one of the most popular units of our National Park System.

Since the park was created in 1978, the National Park Service has acquired some key parcels in Santa Monica Mountains and established excellent visitor activity programs. The National Recrea-

tion Area now comprises some 16,471 acres, not quite half of the 36,000 acres identified in the land protection plan as worthy of Federal acquisition.

However, as I've told the members of the subcommittee before, there is intense pressure to develop in the Santa Monica Mountains. Regrettably, these development pressures are very unrelenting and heavy. Thus, it is imperative that the Federal Government move forward even more quickly to purchase key parcels that are threatened, to protect the Federal investment we have already made, and enhance visitor use of the park.

Each year that passes increases the chances that some of the proposed parklands will be lost to incompatible development or simply become too expensive for the Park Service to acquire, due to rising land values in the area. Prices are rising very rapidly to incredible heights.

Given the situation, I am very pleased to gain a new ally in the fight to secure funds for the Santa Monica Mountains. President George Bush, in his address to Congress and the Nation in February, not only supported acquisition of recreation lands for the enjoyment of present and future generations, he singled out the Santa Monica Mountains National Recreation Area as a top priority.

Mr. Chairman, today I am asking for an appropriation of $30.7 million in fiscal 1990 for this priority recreation area. This $30.7 million would enable the National Park Service to purchase properties in three key areas of the Santa Monica Mountains—Corral Canyon, Backbone Trail Corridor, and Upper Zuma and Trancas Canyons. These properties are all identified for Federal acquisition in the land protection plan for the park.

There are, of course, many other meritorious land and water conservation fund projects in the State of California. Let me briefly summarize. These include ongoing BLM acquisitions for the Carrizo Plain and Desert Tortoise Habitat; Forest Service acquisitions at Hope Valley and the Tahoe Basin; and Fish and Wildlife Service acquisition for the San Francisco Bay, Sacramento River, and San Joaquin National Wildlife Refuges.

Additionally, there is strong support in California for purchase of inholdings in the Kern Plateau of the Sequoia National Forest and Carson Pass, Carson Iceberg, and Castle Peak areas of the Eldorado, Toiyabe, and Tahoe National Forests respectively.

Finally, I understand the National Park Service has an approved appraisal of the Guerini property on Santa Cruz Island. The purchase of this parcel would complete the Channel Islands National Park. I hope the subcommittee will be able to fund these programs as well.

Mr. Chairman, in closing, I would like to express my very deep appreciation to you and the other members of the subcommittee for your help in securing the $11 million appropriation for the Santa Monica Mountains National Recreation Area in fiscal year 1989. That money has been wisely spent to add 2,441 acres to the park. I hope we can do even better for the Santa Monica Mountains Na-

tional Recreation Area in fiscal 1990, and again I ask you for your support and I thank you for your consideration.

Chairman BYRD. Thank you, Senator Cranston. Your statement will be included in its entirety.

[The statement follows:]

STATEMENT OF SENATOR ALAN CRANSTON

Mr. Chairman, I greatly appreciate the opportunity to appear before the Senate Appropriations Committee Subcommittee on Interior and Related Agencies again this year to request continued funding for the Santa Monica Mountains National Recreation Area land acquisition program.

As the members of this Subcommittee know, the Santa Monica Mountains National Recreation Area is an extremely valuable natural resource to the people of California and the nation. It is the only Mediterranean-type ecosystem included in our National Park System. Moreover, with its tremendously scenic coastal canyons and unspoiled mountain lands, the Santa Monica Mountains offer vast recreational opportunities for the public. And because it is located in the midst of a heavily populated and rapidly growing urban area where open space is limited, the Santa Monica Mountains park promises to be one of the most popular units of our National Park System.

Since the park was created in 1978, the National Park Service has acquired some key parcels in the Santa Monica Mountains and established excellent visitor activity programs. The National Recreation Area now comprises some 16,471 acres, not quite half of the 36,000 acres identified in the Land Protection Plan as worthy of federal acquisition.

However, as I've told the members of the Subcommittee before, there is intense pressure to develop in the Santa Monica Mountains. Regretably, these development pressures are unrelenting. Thus, it's imperative that the federal government move forward even more quickly to purchase key parcels that are threatened, protect the federal investment we've already made, and enhance visitor use of the park. Each year that passes increases the chances that some of the proposed parklands will be

lost to incompatible development or simply become too expensive for the Park Service to acquire due to rising land values in the area.

Given this situation, I'm very pleased to gain a new ally in the fight to secure funds for the Santa Monica Mountains -- President George Bush. In his address to Congress and the nation in February President Bush not only supported acquisition of recreation lands for the enjoyment of present and future generations, he singled out the Santa Monica Mountains National Recreation Area as a top priority.

Mr. Chairman, today I am asking for an appropriation of $30.7 million in Fiscal Year 1990 for this priority recreation area. This $30.7 million would enable the National Park Service to purchase properties in three key area of the Santa Monica Mountains -- Corral Canyon, Backbone Trail Corridor, and Upper Zuma and Trancas Canyons. These properties are all identified for federal acquisition in the Land Protection Plan for the park.

In addition, if the Subcommittee is able to provide a higher level of funds, there are other valuable lands in the Santa Monica Mountains I would like to see the National Park Service acquire in Fiscal Year 1990. These include Topanga Canyon, Tuna Canyon, Temescal Canyon, the Rancho Sierra Vista/Satwiwa-Leo Carillo connection, and the Rancho Sierra Vista extension.

Corral Canyon is one of the last remaining undeveloped coastal canyons in the Santa Monica Mountains. The area contains a rich mixture of sage, chaparral, oak and sycamore riparian vegetation. Acquisition of Corral Canyon would serve to connect the coast with Malibu Creek State Park. The National Park Service already is working to acquire by exchange 1156 acres in Corral Canyon owned by the City of Los Angeles. With $6.8

million, the Park Service could move forward with the purchase of 340 acres in private ownership in Corral Canyon.

The Backbone Trail when completed will be a 55 mile hiking and equestrian trail connecting the western edge of the Los Angeles metropolitan area along the crest of the Santa Monica Mountains to the beach at Point Mugu State Park. It will link all the existing state and National Park Service lands, provide access to urban communities, and cross the significant scenic areas. Federal acquisition of the Backbone Trail corridor is critical to serve a large number of recreationists. In this instance, $12.5 million would permit the Park Service to purchase 1930 acres and complete the last 11 miles of the trail.

Zuma and Trancas Canyons comprise a large undeveloped area, important not only for its significant resources, but also for its potential for visitor use. Zuma is probably the deepest, narrowest, most rugged and most pristine of the major coastal drainages in the Santa Monica Mountains. Both canyons contain a rich diversity of riparian vegetation and wildlife, including the elusive mountain lion and golden eagle. Because of their valuable natural resources, the Park Service has made acquisiton of Zuma Canyon and the adjoining Trancas Canyon one of its highest priorities and has already made a considerable investment in this area. With $11.4 million the National Park Service would be able to purchase another 1677 acres in Zuma and Trancas Canyons.

Mr. Chairman, there are of course many other meritorious Land and Water Conservation Fund projects in the State of California. These include ongoing BLM acquisitions for the Carrizo Plain and Desert Tortoise Habitat, Forest Service acquisitions in Hope Valley and the Tahoe Basin, and Fish and Wildlife Service acquisitions for the San Francisco Bay, Sacramento River, and San

Joaquin National Wildlife Refuges. Additionally there is strong support in California for purchase of inholdings in the Kern Plateau of the Sequoia National Forest and Carson Pass, Carson Iceberg, and Castle Peak areas of the El Dorado, Toiyabe and Tahoe National Forests respectively. Finally, I understand the National Park Service has an approved appraisal of the Gherini property on Santa Cruz Island. Purchase of this parcel would complete the Channel Islands National Park. I hope the Subcommittee will be able to fund these programs as well.

Mr. Chairman, in closing I would like to express my deep appreciation to you and the other members of the Subcommittee for your help in securing the $11 million appropriation for the Santa Monica Mountains National Recreation Area in Fiscal Year 1989. This money has been wisely spent to add 2441 acres to the park. I hope we can do even better for the Santa Monica Mountains National Recreation Area in Fiscal Year 1990, and again ask for your support.

Thank you for your consideration of my request.

Chairman BYRD. The subcommittee is aware of the problem and it will certainly carefully consider the request.

Does any other member have a question?

Senator BUMPERS. Senator Cranston, let me ask the same question I asked Senator Wilson a while ago. You have introduced your California Desert bill?

Senator CRANSTON. Yes; I have.

Senator BUMPERS. You're going to pursue that vigorously this year?

Senator CRANSTON. Yes; I am.

Senator BUMPERS. How do you assess your chances of you and Senator Wilson getting together on that bill?

Senator CRANSTON. I am quite hopeful that we will be able to work something out. We did not manage to in the last session, but I will make a concerted effort. We have already discussed it and we will get to it.

Senator BUMPERS. I hope you can reach some agreement on that because it's a very important bill.

Senator CRANSTON. Thank you. Thank you for bringing it up. I am deeply grateful to you.

Chairman BYRD. Thank you, Senator Cranston.

Senator CRANSTON. Thank you, Mr. Chairman. Thank you all.

STATEMENT OF HON. CARL LEVIN, U.S. SENATOR FROM MICHIGAN

Chairman BYRD. Senator Levin. Please proceed.

FRANKLIN DELANO ROOSEVELT MEMORIAL

Senator LEVIN. Thank you, Mr. Chairman, members of the subcommittee. I am here on behalf of an appropriation for the Franklin Delano Roosevelt Memorial. I am a member of that Commission. I have been a member for many years. We've appeared in front of a number of committees for a number of years. I have spoken to you, Mr. Chairman, on occasion about this memorial. It is long overdue.

The Commission came into existence in 1955, so it has been about 35 years now that we've been trying to get the appropriation to begin this memorial. President Roosevelt is listed as one of the five greatest presidents in every poll that's taken by historians. Each decade, those polls are taken, and I think he still ranks as one of our five greatest presidents.

The question is always asked, how do we do this in times of deficit, and perhaps the best answer is what President Roosevelt himself did during the depression and during World War II when he both asked for funds for the Jefferson Memorial during the depression and completed the memorial in the middle of World War II as a statement of national purpose.

I would hope that you would find your way clear to approve the request that the administration has now made. I believe this is the first time that there has been a request for an appropriation for construction funds for the memorial itself. The design is complete, the location is selected. Our Chairman of the Commission, Congressman Pepper, is ill or is indisposed in some way. I know he has submitted a letter to you, Mr. Chairman, dated May 2. I assume you have that.

His request, and one that I certainly share, is that the full appropriation be made, which is $38 million, rather than half of it. I hope that you are able to do that. In the alternative, if you pursue the private-public approach which the administration seems to be proposing, then Congressman Pepper is asking that you would, in addition to the $19 million requested by the administration, add $1 million for the administrative cost of raising the private funding to match the $19 million in public funding which the administration is seeking.

So hopefully you will find your way to be able to appropriate $38 million. It would not be spent out all in 1 year. I think it would be spent out over a 4-year period. The architect, frankly, is getting on years. We would like to complete this in the next decade, and that would require a start right now.

Thank you very much.

Chairman BYRD. Thank you, Senator Levin. The request will be given careful study by the subcommittee. We appreciate your testimony.

Any other questions?

Senator BUMPERS. Is there an authorization for this?

Senator LEVIN. There is.

Senator BUMPERS. Where is it going to be?

Senator LEVIN. It's going to be right across from the Lincoln Memorial on Ohio Drive.

Senator BUMPERS. Did you see the architectural drawing in the Times this morning?

Senator LEVIN. I did not. I saw the article but not the drawing. There has been some question raised about this drawing. It has been revised a number of times. I think now people have pretty well settled on it, but that's not my department.

Senator BUMPERS. Carl, have all the Commissioners who settle on those things approved the plan, the design, the location?

Senator LEVIN. The Commission has approved everything as far as I know. I don't know that we've gotten into the—the answer is yes. As far as I know, we have approved everything. I know we have approved the location.

I don't know that we've gotten into the design issue. We have not given this a political design. We've decided basically to leave this up to people who have expertise in this area.

Senator BUMPERS. Thank you, Mr. Chairman.

Chairman BYRD. Any more questions?

Thank you, Senator Levin.

Senator LEVIN. I notice Senator Reid has joined us, too, and he's been very helpful in this.

Senator DECONCINI. Mr. Chairman, has any money been appropriated at all?

Senator LEVIN. None as far as I know, except to maintain the staff of the Commission each year. We have a part-time contractual staff. There has been money appropriated, I believe, for design, but there has been no construction fund money appropriated, and that's the key issue this year, which we have been waiting for many, many years. So it's the construction funds that we need an appropriation for.

Senator REID. Senator Levin, when we dealt with this before, isn't there some regulation or law that prevents it from going forward unless all the money is appropriated, or some problem we had like that? Don't you remember?

Senator LEVIN. I do not.

Senator REID. I know we had a problem previously that—maybe it was with the plans—unless all the plans were done.

Senator LEVIN. I think that is correct. Those are now, as I understand it, they are ready now for the construction. The Park Service will not go further, or the Interior Department will not go further unless this appropriation is approved. They're dead in their tracks.

Chairman BYRD. Thank you, Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

DEPARTMENT OF ENERGY

SECRETARY OF ENERGY

STATEMENT OF ADM. JAMES D. WATKINS, SECRETARY

ACCOMPANIED BY:

J. ALLEN WAMPLER, ASSISTANT SECRETARY FOR FOSSIL ENERGY
ELIZABETH E. SMEDLEY, CONTROLLER

PREPARED STATEMENT

Chairman BYRD. The subcommittee will now hear from the Secretary of Energy, Adm. James D. Watkins. We thank you for your patience, Admiral Watkins, and we welcome you before the subcommittee. It is your first time appearing before the subcommittee. Your biography will be included in the hearing record. We have your prepared statement. It will be included in its entirety, if you would like to proceed to summarize it and introduce your associates, you may please do so.

[The statement follows:]

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STATEMENT OF ADM. JAMES D. WATKINS

Mr. Chairman, I appreciate very much the opportunity to appear before you and members of the Committee today, and present an overview of the FY 1990 budget request for the Department of Energy. This is the first opportunity I have had to appear before this Committee since I was sworn in as Secretary. It is my hope that in this first meeting I can share with you a broad overview of how I intend to address my responsibilities as Secretary, and the philosophy I will be using to approach those issues of concern to us all.

While I did not play a role in the development of the FY 1990 budget, I feel very strongly that this budget builds upon a solid foundation with strong support for long-term, high-risk energy research and development; cost sharing where industrial partners stand to benefit commercially from Federal investments in technology; divestiture of certain Federal assets where the justification for private ownership is persuasive; and increased funding for worker and public health and safety, and environmental protection and cleanup at the Department's facilities.

The Department's commitment to environmental protection and to worker and public health and safety is stronger than ever. Accordingly, we have funding in support of environment, safety and health activities in the FY 1990 budget at the level of $3.1 billion. This is an increase of approximately 30 percent over FY 1989, and represents the President's strong commitment to this important issue. It is probably one of the largest line-item increases found anywhere in his budget. There are those, of course, who would argue that even more money should have been dedicated to this purpose, but I believe that it is adequate for FY 1990.

I am determined to see that we begin to move forward by charting a deliberate course under this strategy while providing sufficient flexibility to respond well to the dynamics of emerging technological breakthroughs. There are many exciting things happening in research in a variety of areas, probably pressured by such concerns as global warming, acid rain, toxic waste and other environmental problems, as well as the increase in oil imports. These

are putting pressure on the system to find alternatives. Alternatives are on the horizon, and they are exciting.

The clean coal technology program is one of these alternatives. The Department has an expanded clean coal technology program in which the President restored the funding level to achieve the five-year Canadian-U.S. Envoy agreement of 1986. The President increased the funding from $190 million in FY 1989 to $710 million in FY 1990.

Currently, we have 29 clean coal projects either underway or in negotiations. These projects were selected in Rounds 1 and 2 of the program. Together they have a value approaching $2.3 billion--and perhaps more importantly, they offer private cost-sharing amounting to six dollars for every four of Federal funds. We will begin Round 3 of the program this month, and Round 3 will offer approximately $545 million in project financing.

As you are aware, Mr. Chairman, the President's budget not only asks that the FY 1990 Congressional appropriation of $710 million remain intact, but that Congress provide the remaining $1.2 billion for Rounds 4 and 5 in 1991 and 1992. Advance appropriations will inject a greater measure of certainty into the program. Knowing these funds will be available will permit industry to devote a greater amount of their own resources to concepts now in the R&D process.

The clean coal program is certainly the most visible of our fossil energy related efforts, but it should not overshadow the importance of a sound R&D program. The FY 1990 budget request for fossil energy, and for conservation R&D as well, concentrates Federal funds on the highest priority research and development needs--those high-risk and high-payoff projects which are not likely to be pursued by the private sector alone. This budget reflects an appreciation of the need for limiting Federal involvement in this time of fiscal constraint to projects which industry cannot expect to support.

One area I would like to highlight for this committee is the conservation grants program which has provided funds to State and local governments to undertake energy conservation measures. The FY 1990 budget proposes no further Federal support for these programs. The productive use of prior year funds by the States has reduced the need for continued Federal support. Moreover, the States have available to them very large sums specifically earmarked for conservation and other energy-related activities from the settlement of oil pricing and allocation violations. During the past several years, over $3.5 billion have been returned to the States from settlements. In addition, States can expect to receive additional funding from the recently settled Texaco case. Under these circumstances, continued use of appropriated funds is no longer necessary. We are requesting only $7.6 million to continue grant closeout activities and to fulfill the Department's responsibilities for monitoring the petroleum overcharge funds.

Energy security is a dominant theme in the budget. Development of cost-effective programs to reduce America's dependence on foreign oil must be vigorously pursued. In the meantime, our insurance policy against supply disruptions, the Strategic Petroleum Reserve, should continue to be filled at a rate that is reasonable, given budget constraints. We believe it makes sense to get 750 million barrels into the reserve over the next five years.

The FY 1990 budget also addresses the divestiture of Federal assets. These activities include marketing power from selected hydropower systems, operating oil fields in Wyoming and California, and selling uranium enrichment services.

The Department is again proposing to sell the Federal interest in the Elk Hills and Teapot Dome Naval Petroleum Reserves. This year, however, we have adopted a new approach which may prove more acceptable to Congress. Our sales strategy links the sale of the Naval Reserve oil fields directly to the assurance of a continued rapid fill of the Strategic Petroleum Reserve.

Under this plan, the buyer--or buyers--of the Naval Petroleum Reserves would be required to provide a cash payment of $1 bil' on or more. They would also be required to furnish 50,000 barrels per day of oil to the Strategic Petroleum Reserve over the next six years. Also, under terms of a sale, the Naval Petroleum buyer would be required to provide 10 million barrels of emergency crude oil for a Defense Petroleum Inventory, which would be available solely to the Department of Defense.

We believe this strategy makes sense both as a way of providing the civilian sector with emergency crude oil, and ensuring that the Defense Department has the means for directly acquiring stockpiled crude in a manner far more effective than the Naval Petroleum Reserves. This strategy also allows the government to benefit from any oil price increases which may occur after the sale of the Naval Petroleum Reserves.

Perhaps the most challenging of my new responsibilities is in the area of national security. We need to ensure the safety of our aging production facilities, and guarantee that they operate in an environmentally sound manner. Since being nominated by President Bush to be his Secretary of Energy and throughout my nomination process, I have had the opportunity to read countless reports about problems at the Department, most of which have been building for years. I have also seen correspondence from concerned members of Congress and Governors, and I have had a chance to visit with many of you on Capitol Hill. In my review I have found little with which I am in opposition. In other words, I agree with the assessment of where we have been in the past and what we have not done.

However, I do believe that the cost estimates that have been projected over 20 and 30 year periods are highly speculative. I do not feel comfortable with some of the long range cost estimates I have seen. We are only at the very start of a process that is long overdue. We are still in the process of defining the problems, inventorying the wastes, and prioritizing each of these sites. We may be able to cut costs with exciting new technologies that are on the horizon. I think we may find there are other alternatives to

spending the kinds of dollars that would give us $100 billion or $150 billion estimates over a 20 or 30 year period.

To prioritize my overall objectives for the Department, my first act as Secretary was to send a message to all Department and contract employees outlining immediate goals. I would like to share several of those with you:

* Develop a 5-year plan which establishes specific budget objectives and goals for waste cleanup at each DOE site.

* Work with Congress to implement the President's tax initiatives to strengthen our domestic oil and gas industry.

* Support the responsible exploration and development of the Arctic National Wildlife Refuge as one key contribution to national energy security.

* Develop an integrated National Energy Strategy with the hope of having at least a draft in hand prior to the FY 1991 budget deliberations next year--highlighting conservation as a key component.

* Reform the internal Department budget process and start by working with the OMB and the appropriate Congressional committees to establish uniform budget categories and definitions so that we are all talking the same language when we discuss DOE priorities.

While this list does not represent all of my immediate objectives, it does highlight a few that I thought would be of interest to this Committee.

It is my hope that in beginning this work with members of Congress, and others in the Administration, as well as state and local officials, all of us will be active partners in trying to accomplish some of these objectives which seem to be coming into confluence right now in the nation on energy, on waste, and on the environment.

This has been a quick overview of the Department's budget request for FY 1990. We are seeking to address many problems that have been in the making for decades, but I am committed to finding a balance wherein safety is never subverted, the environment is wisely protected, and national security and other energy objectives are fully achieved. I certainly look forward to working with this Committee and with the Congress as a whole in reaching these objectives.

BIOGRAPHY OF ADM. JAMES D. WATKINS

James David Watkins was nominated by the President to be the sixth Secretary of Energy on January 20, 1989. Admiral Watkins was confirmed by the United States Senate and sworn into office on March 1, 1989.

Admiral Watkins was born in California on March 7, 1927, and claims the city of Pasadena as his home. A 1949 graduate of the U.S. Naval Academy, his tours as flag officer included Chief of Naval Personnel; Commander of the Sixth Fleet; Vice Chief of Naval Operations; and, Commander-in-Chief of the Pacific Fleet. Admiral Watkins was selected by President Reagan to become the 22nd Chief of Naval Operations on June 30, 1982. His military decorations include several Distinguished Service and Legion of Merit medals, the Bronze Star with combat "V" and other medals, campaign and service ribbons, and decorations from many foreign nations.

Following his retirement on June 30, 1986, Admiral Watkins devoted his time to issues regarding America's youth, and worked with a number of philanthropic organizations to establish a national program for personal excellence. He also served as a member of advisory boards in both the education and energy fields and has received several honorary doctorates and public service awards.

In October 1987, Admiral Watkins was appointed Chairman of the Presidential Commission on the Human Immunodeficiency Virus (AIDS) Epidemic, submitting the Commission's final report to the President on June 24, 1988.

Admiral Watkins received his master's degree in mechanical engineering in 1958, and is a graduate of the reactor engineering course at the Oak Ridge National Laboratory. He was selected by Admiral Hyman G. Rickover to enter the Navy's nuclear-powered submarine program in 1959, and was qualified as an Engineering Officer of the Watch at one of the Navy's land-based reactor plants. He served for three years in the Atomic Energy Commission as Admiral Rickover's assistant for Naval Nuclear Propulsion and later, in a variety of assignments associated with the management of the nuclear navy. These assignments included Commanding Officer of a nuclear-powered submarine and Executive Officer of the world's first nuclear-powered cruiser.

Admiral Watkins married Sheila Jo McKinney of San Diego, California, in 1950. They have six children: Katherine Watkins Coopersmith, Laura Jo Watkins Keuffmann, Susan, Charles, James Jr., and Edward. Admiral and Mrs. Watkins have eight grandchildren.

INTRODUCTION OF ASSOCIATES

Secretary WATKINS. Thank you very much, Mr. Chairman. I have with me today Assistant Secretary Allen Wampler, Fossil Energy; and Elizabeth Smedley, my Controller, I would like to have join me here at the table.

Chairman BYRD. She's got all the books and all the answers.

Senator BUMPERS. I've never seen anybody so prepared, Admiral.

Secretary WATKINS. That's why I wanted her up here, Senator Bumpers.

Chairman BYRD. You've got a man on your right who is well prepared without books. [Laughter.]

OPENING REMARKS

Secretary WATKINS. Thank you, Mr. Chairman. I appreciate very much this opportunity to appear before you and members of this committee and present an overview of the fiscal year 1990 budget request of the Department of Energy.

As you indicated, this is the first opportunity I've had to appear before this committee since I was sworn in as Secretary. It is my hope that in this first meeting, I can share with you a broad overview of how I intend to address my responsibilities as Secretary and the philosophy I will be using to approach those issues that are of concern to us all.

While I didn't play a role in the development of the fiscal year 1990 budget, I feel strongly that this budget builds on a solid foundation established by my predecessor in a range of areas. The Department's commitment to environmental protection and to worker and public safety is stronger than ever. Accordingly, we have funded in support of environment, safety, and health activities in the fiscal year 1990 budget at the level of $3.1 billion. This is an increase of approximately 30 percent over fiscal year 1989 and represents the President's strong commitment to this important issue.

I am determined to see that we begin to move forward by charting a deliberate course under this strategy on environment, safety, and health, while providing sufficient flexibility to respond well to the dynamics of emerging technological breakthroughs.

There are many exciting things happening in research in a variety of areas, probably pressured by such concerns as global warming, acid rain, toxic waste, and other environmental issues, as well as the increase in oil imports. These are putting pressure on the system to find alternatives. Alternatives are on the horizon and some are exciting.

CLEAN COAL TECHNOLOGY PROGRAM

The Clean Coal Technology program is one of these alternatives falling into the latter category. The Department has an expanded Clean Coal Technology program in which the President restored the funding level to achieve the 5-year Canadian-U.S. Envoy agreement of 1986. The President increased the funding from $190 million in fiscal year 1989 to $710 million in fiscal year 1990.

Currently, we have 29 clean coal projects either underway or in negotiations. These projects were selected in rounds one and two of

the program and together they have a value approaching $2.3 billion. Yesterday, the Department issued its third call for clean coal proposals, with a deadline of August 29. The proposals will be competing for approximately $545 million in Federal financing, with a requirement that they at least match the Government's contribution.

The President's budget not only asks that the fiscal year 1990 congressional appropriation for round three remain intact, but that Congress provide the remaining $1.2 billion for rounds four and five. Advance appropriations will inject a greater measure of certainty into the program. It will ensure that the program proceeds at a pace originally envisioned by the special envoys.

The timing of the Clean Coal Technology program is critical. The President is committed to fashioning a more effective Clean Air Act, one that offers a fresh approach and ends once and for all the divisive debate on acid rain. The goal is to reduce sulfur dioxide and nitrogen oxide emissions substantially by specified dates, but in a way that offers greater flexibility and incentives for innovative, lower-cost approaches than have been offered to date.

The Clean Coal Technology program can and will be part of this fresh approach. That's why the 5-year timeframe is important. Industry must have confidence in these technologies at commercial scale if they are to be replicated in sufficient numbers to achieve meaningful results.

BENEFITS OF CLEAN COAL TECHNOLOGY

I should point out, Mr. Chairman, that the benefits of this program extend beyond simply a reduction in acid rain precursor emissions. By achieving higher efficiencies, these new technologies can have a positive effect on reducing carbon dioxide buildup in the atmosphere and they can result in lower costs to consumers.

That is why we must begin now to plan for the deployment of these technologies. We should understand the impediments at both the State and Federal level that could keep these technologies from achieving their full commercial potential, and then we must have a clear course to removing those impediments.

We have received excellent analyses on this issue from two advisory panels, and now I want to see the Department, working through the Federal Energy Regulatory Commission, move ahead with a set of model incentives that State regulators can use as guidelines to ensure that clean coal technologies receive full consideration in marketplace decisions.

R&D PROGRAMS

The Clean Coal Technology program is certainly the most visible of our fossil energy related efforts, but it should not overshadow the importance of a sound R&D program. The fiscal year 1990 budget requests for fossil energy and for conservation R&D as well, concentrates Federal funds on the highest priority research and development needs, both high-risk and high-payout projects which are not likely to be pursued by the private sector alone.

This budget reflects an appreciation of the need for limiting Federal involvement in this time of fiscal constraints to projects which industry cannot be expected to support.

CONSERVATION GRANTS PROGRAM

One area I would like to highlight for this committee is the Conservation Grants program which provides funds to State and local governments to undertake energy conservation measures. The fiscal year 1990 budget proposes no further Federal support for these programs. The productive use of prior year funds by the States has reduced the need for continued Federal support. Moreover, the States have available to them very large sums specifically earmarked for conservation and other energy-related activities from the settlement of oil pricing and allocation violations.

During the past several years, over $3.5 billion has been returned to the States from settlements. In addition, States can expect to receive additional funding from the recently settled Texaco case. Under these circumstances, continued use of appropriated funds is no longer necessary. By the way, those additional funds will amount to the States' share of the $400 million received from Texaco in September 1988, and five additional payments totaling $850 million, plus accrued interest, due over the next 5 years.

We are requesting only $7.6 million to continue grant closeout activities and to fulfill the Department's responsibilities for monitoring the petroleum overcharge funds.

ENERGY SECURITY

Energy security is a dominant theme in the budget. Development of cost-effective programs to reduce America's dependence on foreign oil must be vigorously pursued. In the meantime our insurance policy against supply disruption, the strategic petroleum reserve, should continue to be filled at a rate that is reasonable, given budget constraints. We believe it makes sense to get to a level of 750 million barrels in the reserve over the next 6 years.

DIVESTITURE OF FEDERAL ASSETS

The fiscal year 1990 budget also addresses divestiture of Federal assets. These activities include marketing power from selected hydropower systems, operating oil fields in Wyoming and California, and selling uranium enrichment services.

The Department is again proposing to sell the Federal interest in the Elk Hills and Teapot Dome Naval Petroleum Reserves. This year, however, we have adopted a new approach which may prove more acceptable to Congress. Our sales strategy links the sale of the naval petroleum reserve fields directly to assurance of a continued rapid fill of the strategic petroleum reserves.

Under this plan the buyer or buyers of the naval petroleum reserves would be required to provide a cash payment of $1 billion or more. They would also be required to furnish 50,000 barrels per day of oil to the SPR over the next 6 years. Also, under terms of the sale, the naval petroleum reserves' buyer would be required to provide 10 million barrels of emergency crude oil for a defense pe-

troleum inventory which would be available solely to the Secretary of Defense.

We believe this strategy makes sense both as a way of providing the civilian sector with emergency crude oil and ensuring that the Defense Department has the means for directly acquiring stockpiles of crude in a manner far more effective than using the NPR. This strategy also allows the Government to benefit from any oil price increases which may occur after the sale of the naval petroleum reserves.

NATIONAL SECURITY

Perhaps the most challenging of the new responsibilities that I have is in the area of national security. We need to assure the safety of our aging production facilities and guarantee that they operate in an environmentally sound fashion.

Since being nominated by President Bush to be his Secretary of Energy and throughout my nomination process, I have had the opportunity to read countless reports about the problems at the Department, most of which have been building for years. I have also seen correspondence from concerned Members of Congress and Governors, and I've had the chance to visit with many of you on Capitol Hill. In my review I have found little with which I am in opposition. In other words, I agree with the assessment of where we have been in the past and what we have not done.

However, I do not believe that the cost estimates developed recently for cleanup over the next 20- and 30-year periods are valid, and I think they are highly speculative. I do not feel comfortable with some of the long-range cost estimates I've seen. We are only at the very start of a process that's long overdue. We are still in the process of defining the problems, inventorying the wastes, and prioritizing each of these sites.

We may be able to cut costs with exciting new technologies that are on the horizon. I think we may find there are other alternatives to spending the kinds of dollars that would give us $100 billion to $150 billion estimates over these 20- to 30-year periods.

To prioritize my overall objective for the Department, my first act as Secretary was to send a message to all Department and contractor employees, outlining immediate objectives. I'd like to share some of these with you: Develop a 5-year plan which establishes specific budget objectives and goals for waste cleanup at each DOE site; develop an integrated national energy strategy with the hope of having at least a draft in hand prior to the fiscal year 1991 budget deliberations next year, highlighting conservation as the key component; and reform of the internal Department budget process and start by working with OMB and the appropriate congressional committees to establish uniform budget categories and definitions so we are all talking the same language when we discuss DOE priorities.

Now, these are only a few of my immediate objectives, but they may be of special interest to this committee.

This has been a quick overview, Mr. Chairman, of the Department's budget request for fiscal year 1990. We are seeking to address many problems that have been in the making for decades,

but I am committed to finding a balance wherein safety is never subverted, the environment is wisely protected, and national security and other energy objectives can be fully achieved.

I certainly look forward to working with this committee and with the Congress as a whole in reaching these objectives. Thank you, Mr. Chairman.

Chairman BYRD. Thank you, Mr. Secretary.

TAX INCENTIVES

Your initiatives which you mention on page 7, let me turn your attention to them. The second one reads as follows: "Work with Congress to implement the President's tax initiatives to strengthen our domestic oil and gas industry."

As part of that goal, Mr. Secretary, will you be proposing any tax initiatives to help to strengthen the domestic coal industry?

Secretary WATKINS. I don't have any knowledge of any such tax initiatives now, Mr. Chairman, in that regard. My whole focus, as indicated in my statement, was on the clean coal technologies and the tremendous effort and the importance of that particular initiative.

Chairman BYRD. I compliment you on the emphasis that you have placed on clean coal technology.

CONGRESSIONAL DIRECTIVES

Let me turn your attention to congressional directives. Congressional directives, whether embodied in report language or statutory language, are something we take very seriously. I am disturbed by two recent examples of the Department of Energy attempting not just to outrun congressional intent, but to purposely disregard congressional intent.

ERA REORGANIZATION

The first example involved an effort by your predecessor to reorganize the Economic Regulatory Administration without consultation with the Appropriations Committees of the Congress and without the required approval that is called for in the committee's reprogramming guidelines. I am confident that you know of the views of Chairman Yates regarding that proposed reorganization, and I today received a letter from you on the subject which I will place in the record.

[The information follows:]

LETTER FROM JAMES D. WATKINS

MAY 2, 1989.

Hon. ROBERT C. BYRD,
Chairman, Subcommittee on Interior and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This letter is to advise you about a change in the reporting relationship of the Administrator of the Economic Regulatory Administration [ERA]. As you know, one element of former Secretary Herrington's reorganization of the ERA was to have the Administrator report to the Secretary through the General Counsel.

After reconsidering this aspect of the reorganization, I have directed that it be modified to have the Administrator of the ERA report directly to me. The Adminis-

trator's reporting relationship to the Secretary will be the same as the other Assistant Secretary-level officers of the Department.

Sincerely,

JAMES D. WATKINS,
Admiral, U.S. Navy (Retired).

GENERAL COUNSEL OPINION ON NPR

The second example of the Department's efforts to purposely disregard the clear intent of Congress involves the recent opinion of your general counsel regarding the applicability of the statutory limitation on the use of departmental funds for conducting studies relating to the divestiture of the naval petroleum reserves at Elk Hills and Teapot Dome.

While it was the unmistakable intent of Congress to limit absolutely the use of departmental funds for such studies to $500,000, your general counsel has concluded in an opinion that can best be described as straining credulity, that the effect of the limitation is only temporary.

Again, Mr. Secretary, you should be fully aware of this Senator's view regarding the interpretation expressed in your general counsel's opinion. If you have seen the House language that was added to the Emergency Supplemental, H.R. 2072, regarding the $500,000 funding limitation, you are aware of their views on that opinion.

It is my intention to support the House provision when we consider the supplemental here in the Senate. I realize that you are barely 3 months into your new assignment. I am also aware that both of the examples I have just cited were initiated by your predecessor.

So that there is no misunderstanding, be assured of one thing: Congress means exactly what it says. This subcommittee will expect you to comply with report language and statutory language in all respects, and we certainly don't need general counsels to educate us on what we thought we meant.

Now, with those remarks behind us, unless you have some comment——

Secretary WATKINS. Well, I agree with you, Mr. Chairman. I've reviewed both of those issues and feel somewhat embarrassed in this transition that this has come over into this period of time. Certainly I understand what they mean, and if we had had any question, particularly in the latter case, we should have come over here and talked to you all.

In the first case, you've seen my action to rescind, at least in part, that portion which had the Administrator of ERA reporting to the general counsel, instead of to me. And I've changed that to get that cleared off the books. It has not been a bar to anything. We haven't used those procedures to date, so despite the policy change, nobody implemented the policy anyway. So you will be pleased to know that the normal DOE foulup was in place, and so it is perfectly normal that we don't carry out our own policies.

At any rate, I've gotten the message, Mr. Chairman, and I think you will find that we are going to be a totally different group over there, working with you all.

Chairman BYRD. Well, I thank you. I am very encouraged to believe that. Based on our previous conversations, I feel confident

that we are going to be getting along well together. I just think that right at the beginning, it's good to have a clear understanding on the record.

NPR DIVESTITURE ACTIVITIES

Secretary WATKINS. I would like the opportunity, Mr. Chairman, on the second issue to come over and talk with you and other interested members on those very specific activities that I would still like to follow up on, to try to put to rest once and for all, the naval petroleum reserves issue.

We have a few more issues I think we can address without a lot of expenditure of funds, but the authority to clean up some areas of concern yet that I have in my own mind, and then once and for all give it to the Congress and try to finish this issue off. It has probably been the most contentious of all the issues I've faced over here. I'm trying to support the administration on it. We've tried to put the best face on it.

We have done a cost/benefit analysis. The costs really are a wash over the whole period. You'll get out of this an enhanced mobilization reserve for expeditious draw-down of the reserves for defense. You'll get an improved readiness from that standpoint, and that's about all there is to it really. Except for the near-term $1 billion over time, obviously that is a wash over a 10- or 15-year period.

So if I could come back and chat with you all before we move out, we are at the end of the $500,000 authorized funds. It's a closed issue now. But we have a lot of unknowns. I would like to support the administration's position and at least get the data out on the table for you and then make a decision once and for all and stop coming up here every year with such a contentious item that doesn't seem to get anybody anywhere.

Chairman BYRD. We'll be glad to discuss that with you, Mr. Secretary.

ACID RAIN LEGISLATION STATUS

You are playing a significant role in the administration's efforts to draft clean air and acid rain legislation. What can you tell us about the status of that legislation, and specifically with regard to acid rain, what provisions will be included to ensure that clean coal technologies will be encouraged in order to maximize efficient and effective emissions reductions?

Secretary WATKINS. I am very much involved, Mr. Chairman, in the development of the acid rain legislation for the President. The principles that I'm working under—and I've given my staff this guidance as we build this particular bill and I believe we've been very successful in this regard—are that the acid rain legislation must accommodate the timing of the clean coal technologies; that we provide an environmental fix rather than an expensive patch; and that high efficiency technologies result in reduced CO_2 emissions, recognizing that we don't have all of the answers to global warming right now, but also that all of the best minds are saying that in the interim, until we really pin down the scientific evidence, let's not generate more greenhouse gases than we need to.

We believe we're doing that in the Clean Coal Technology Program as a part of it. Even though that's a beneficial spinoff and was not the primary intention of it, those gains can be significant, and I think can enhance the value of clean coal technology in the global-warming climate that we live in today.

DOE'S ROLE IN ACID RAIN LEGISLATION

The Department will have a significant role in the development of the administration's proposed legislation and will strongly advocate the integration of the CCT Program strategy in the bill's compliance timetable strategy. I am a member of the Domestic Policy Council, and we are currently reviewing legislative concepts. The target date for releasing the legislative proposal, as you know, is this month—May.

It is now time to concentrate, I believe, on incentives as well, to accelerate CCT demonstration and deployment. This is the time to do it, and my hope is we can influence the inclusion of these in the bill that's coming up here on the Hill.

The Innovative Clean Coal Technology Advisory Panel and the National Coal Council have produced reports defining barriers to new technology introduction and recommending incentive approaches. The Department of Energy will propose a model set of incentives to the FERC for utilities under FERC's jurisdiction, which is 20 percent of the U.S. power system, such as accelerated amortization and incentive rates of return and other things.

In addition, we will propose that the State public utility commissions be encouraged to consider these same incentives, which covers 80 percent of the U.S. power system.

The decontrol of natural gas, which seems to be gaining momentum here on Capitol Hill, will continue to be pressed to make more natural gas available for cofiring with coal for near-term emissions reduction. DOE will also work to avoid environmental regulatory disincentives such as the application to CCT demonstrations of the so-called Wisconsin Electric Power decision. This was an unintended discouragement that I think we can straighten out with EPA and we're working with them now to make sure that we do not penalize plants who participate in the CCT Program, and I think that will be quite successful.

So, all in all, I feel very encouraged about DOE's role in preparing the clean air bill coming up here, and I think you are going to be particularly pleased with the acid rain feature of that.

CLEAN COAL TECHNOLOGY AND THE CLEAN AIR BILL

Chairman BYRD. Can you say with certainty—you've talked about this in your statement just now—can you say with certainty at this time that the administration's acid rain control bill will have compliance dates that fully permit the development and deployment of clean coal technologies as a significant solution to the acid rain problem?

Secretary WATKINS. I could tell you that's my going-in position, and right now every indication is, and the consensus of the Domestic Policy Council appears to be that we will be able to achieve those objectives along these lines. That was not clear earlier in the

debate, but I believe that we have been influential in demonstrating the outyear potential of clean coal technology to make sure we don't take such near-term actions as to preclude the very significant turn-of-the-century changes we could make in the repowering of coal-fired plants.

Chairman BYRD. I think this is vital to developing a cost-effective and successful piece of legislation. Clean coal technologies must be the centerpiece of the resolution of the acid rain problem. The compliance dates have to be such that they don't discourage the utilities and other sources from engaging in the use of clean coal technology.

As you indicated, the time is vitally important to timing. Time, technique, and tonnage.

Secretary WATKINS. We're going to need your help in maintaining that patience in approach, Mr. Chairman, because there is a tendency to solve all the problems right away, and I think in this particular case if we don't aggressively pursue a linkage with the best of the technologies, we're not doing the best for the long-range good of the Nation.

But there is a tendency, I think, to focus on near-term objectives to the detriment of long-range. And I think if that's the view that we share, then I believe that we're going to achieve that objective in that portion of the clean air bill.

Chairman BYRD. I'm encouraged. Technologies have to be given time to work, and unless we do give them time to work, the money that is already invested, the full potential of it will never be realized. So there is not only clean air riding in the balance, but we also have billions of dollars and thousands of jobs as well.

Because so much is at risk, I believe that your highest priority should be the development of a cost-effective solution and a socially acceptable solution to the acid rain problems through the use of clean coal technologies. What you've said certainly leads me to believe that, as you say, you're going in with this viewpoint in mind, and I have no doubt that the influence that you can bring to bear will be vitally important in the final resolution of this problem.

I certainly assure you that I will be working with you in the matter.

I want to give my colleagues an opportunity to ask some questions. Senator McClure.

Senator MCCLURE. Could I yield first to Senator Domenici?

Chairman BYRD. Yes; Senator Domenici.

Senator DOMENICI. Mr. Chairman, I thank you. I'm going to have to leave rather early because I have to comanage the fiscal year 1990 budget resolution on the floor. I thank Senator McClure for yielding for perhaps just 3 or 4 minutes.

GUARD STRIKE AT LOS ALAMOS

Admiral, I'm not going to talk to you about a programmatic issue that's before this subcommittee, but something that is very important, and that I am getting more worried about with each passing day. I think you are fully aware that the security guards at Los Alamos National Laboratory have been on strike for almost 2 months. The Department of Energy has felt it necessary to bring in

guards from other facilities to supplement those of the contractor who provides the security service there.

Now, Admiral, in 1982, long before you were with DOE, we discussed the defederalization of the guards. It was argued that it would be a more economical system to provide security, and an equally safe one, to go the private sector route.

I can tell you honestly that I was one who expressed some doubt about that approach. Unless this incident at Los Alamos turns out to be something very, very different than I think it is, I believe it has justified some of my concerns.

The contractor at Los Alamos—the Hangar-Silas Mason Co.—in my opinion has dragged this negotiation out. We have been running people through the Department of Energy's management scheme on 12-hour-a-day shifts, 6 days a week, to supplement those who are on strike. I am sure this concerns you.

Even the National Laboratory, Admiral, which has been staying out of these negotiations between the union and the contractor, seems to be getting impatient. They have asked for, and only recently received, permission to sit down at the negotiating table. I have expressed my concern to you before, and I must say to you, that while this is an executive branch matter, I am also getting very impatient.

I don't know what you or I can do in the short term. I hope you will stay on top of this issue. On the other hand, I think we ought to begin now to look at some long-term options to prevent this from happening in the future.

REFEDERALIZATION OF GUARD FORCE

So, Admiral, specifically I would like your opinion— if not today, soon—about the refederalization of that guard force. Is it in the best interest of the guards and the Department? I hope you will look at this option. I know it will not be something that we can do quickly, and it won't be something we can do quickly enough to help those hundreds of families who are suffering due to the strike. It will take a little while to look at this issue thoroughly.

On the other hand, I think we must find a better way to provide for the security of facilities such as Los Alamos. We must do something better for these guards than what has transpired during the last 2 months.

Having guards on strike for months, with unfair labor practice charges and salary disputes pending, is not what is in the best interest of these facilities. I am sure you agree with that, and I must say it's not in the best interest of hundreds of security guards and their families.

So along with this question to you, I will, with the concurrence of another Senator, ask the GAO to look into this question. I think they should. I think we need to know whether privatization of the guards saved money as it was contended it would; and whether it has provided as good a service, or better, in the security interests of Los Alamos National Laboratory, as predicted.

I regret bringing this to you now, but as I indicated, I don't need an answer today. I am growing impatient, and I do not think this

can go on week after week. Soon we'll be saying month after month.

I am sorry that this is not within the literal germaneness of this hearing, Mr. Chairman, but I can assure you I am not used to bringing issues like this before this subcommittee. However, I believe we must and you, Mr. Secretary, must find some way to help us solve this, and quickly. We cannot let this happen again.

Secretary WATKINS. I applaud your initiative, particularly on the General Accounting Office looking into it. I was involved in this on the Defense side, and we were very, very concerned about the rent-a-guard concept, all of us were, not necessarily in every activity, but selected activities, and you mentioned one.

SECURITY REVIEW

I have already ordered the new Under Secretary of Energy, Mr. John Tuck, to do a complete security review. It is not only at Los Alamos. I have other problems similar to those you are raising now. And so I have to do a security review to report to the President. I am negligent in that regard. I have to make an annual report to the President on the security of my activities, and I've asked for a delay in that for several months to give myself a chance to look at it. I am not satisfied that I have a handle on security across all the DOE activities.

So I will commit, first, to an immediate review of where we stand on that and I'll watch it on a day-to-day basis at Los Alamos. But, second, we will incorporate your thoughts into the longer range program and I will, if you permit, work with Chuck Bowsher of the GAO in his effort, to make sure that we come up with a product, because I believe you have exposed the tip of an iceberg here where the pendulum has swung too far, I think, in one direction.

Senator REID. Would the Senator from New Mexico yield?

Senator DOMENICI. Could I just make one final observation? I want the guards in New Mexico to know that this won't be easy; that we can't expect to solve their problem with this request. We may even have to change some laws to keep them in a good position with reference to their employment and their benefits.

I also believe the contractor has to know that we cannot have this kind of thing drag on. It is good for us to hear that from the Secretary of Energy, because everyone in this country worries about security at places like Los Alamos. If there is a slight leak and somebody gets into the laboratory and steals a secret, we hear about it right away. We've got an entire guard force that's out on strike, and we can't get it solved. The negotiations seem to be dragging. I'm not even sure that the national mediator is spending the kind of time that ought to be spent there getting this issue resolved.

I know of nowhere to go but to you. You have hundreds of problems, and I know you didn't take on this specific issue when you became Secretary, but I thank you for your consideration. I thank you, Mr. Chairman, and you, Senator McClure, for letting us raise this matter today.

Senator REID. If the Senator from New Mexico, before he leaves——

Senator DOMENICI. I would be pleased to yield. Thank you.

Senator REID. Mr. Chairman, thank you.

This is not a problem only with the rent-a-guards we have at the Department of Energy. Coincidentally, I met with some people when I went home this past week, that are rent-a-guards at our Federal courthouses. And I have asked the GAO to look into that situation.

We pay almost $40 an hour for each of those guards, but the guards themselves average about $8.50 an hour. I would be interested in where the rest of that money goes. That's a lot of overhead. So I think you are very perceptive in directing this to the Secretary, that this is an overall problem we have in Government, and it is certainly illustrated more definitely when we're dealing with security problems like the Department of Energy.

Senator DOMENICI. Thank you very much, Mr. Chairman. Thank you, Mr. Secretary.

Chairman BYRD. Thank you.

Senator Reid.

Senator REID. Thank you, Mr. Chairman.

NUCLEAR WASTE DISPOSAL

Mr. Secretary, your contact last week with the Governor of the State of Nevada was very welcome. This is a telephone call we had been waiting for for a long time, basically a telephone call that said we want to work with you and not against you.

Now, we're not here today to in any way chastise the person that went before you. I know you wouldn't do that and it's not appropriate to do that. I will say, however, that you are looked upon in the State of Nevada as a breath of fresh air. I don't know how the 1982 Nuclear Waste Policy Act went bad, but it did. I believe that it's because of the way the Department of Energy brutalized the State of Nevada and allowed the State of Nevada no say in the entire process, and the process thereafter became disjointed and, in the minds of many, very politicized. And that was the reason we had the 1987 bill. Nevada would have been much better off with the 1982 bill than this thing we had in 1987.

An additional thing, Mr. Secretary, prior to a couple of questions that I have. In addition to this general statement and the statement that you made—you and I know what it was, but basically you said, "I want to work with you," to the Governor of the State and, of course, he applauded that, and all the congressional delegation was asked their comments. I am sure that you or your people have seen those statements. We all appreciated that.

Nuclear waste transportation has been illuminated because of the *Exxon Valdez* spill in Alaska in Prince William Sound. The question is not will we have, unless we change the policy, not will we have a spill of nuclear waste when it's being transported, but when will it be?

So I hope that during the ensuing months, the Department of Energy will look at, in addition—I know that you have a law and you're following the law to the best of your ability; that is, going forward with the characterization at Yucca Mountain. But I think there should also be an obligation with the Department of Energy

to look at some of the alternatives, because transportation, as I've indicated, is a real problem.

I think some of the things that I think the Department of Energy should look into is: Is it feasible, as some scientists say, to in effect store the high-level nuclear waste where it is and change it to some form of dry storage rather than the wet storage that we now have? I think that we have to look at some of the subseabed disposal, some of the ceramics work that scientists have talked about. I think we also have to revisit the MRS to determine if, in fact, that is a viable option.

We know it is, but because of the political things that took place in regard to the 1987 act, that was in effect ruled out.

So, Admiral Watkins, I guess what I'm saying, I would like a brief response because the hope is that the Governor interpreted your call correctly, basically that you wanted to be more open with what's going on there, to allow the State of Nevada more of a review process than we have had in the past, and also I hope the transportation is something that you will look into. I know Secretary Skinner has appointed one individual to look into that, and I would hope that someone from the Department will work with Secretary Skinner in this regard.

Secretary WATKINS. Let me just take the first point, Senator Reid. My relationship with Governor Miller has been just over the last few months, but I sensed immediately that the Department of Energy could not carry out its responsibilities to carry out the law passed last year by the Congress regarding the repository, were we not to engage in a fair practice with the State of Nevada, which we had not done. We had not allowed enough time for hearings; we had not allowed enough time for access of your own independent scientific group to come in; we had frankly been somewhat of a pom-pom person, talking of the wonders of the repository without sensitivity to the image being imposed on Nevada.

The State legislature unanimously passed a resolution against us. We couldn't get the first air permit passed anyway, so we really couldn't get there from here. We are going to make a restructuring of that repository. It's necessary now. We will be presenting that to the appropriate committees up here, and to the delegation out there, and to the Governor in the very near future to put this thing in a better context, to demonstrate to you that we are sincere about trying to find out whether this research program is going to give us a viable repository or not.

This doesn't necessarily all have to be done on site. We have some of our own Federal properties there that can be used to demonstrate to the scientists there in Nevada and to the people that we know what we're doing, that we can manage a program. We'll have them participate with us in those demonstrations. They will be close enough geologically to make sense but not commit you, you might say, to a hole in the ground that may not work.

So we believe that there are a number of things we can do to bring you, as a Nevadan, much closer to the process and we are going to do that.

On the second point, as you know, we are building the largest vitrification facility in the world at Savannah River. That is for high-level waste. I was down there last Friday and saw the tech-

niques that will be used to essentially embody the high-level waste in glass and then go into stainless containers which are suitable for shipping,and licensed by the Nuclear Regulatory Commission, so-called TRUPACT containers that take some of the transuranics and other high-level waste.

These are exposed to the most rigorous kinds of accidents, the kinds of things you might even have with an aircraft plowing into the ground with them, so that they can take a tremendous deceleration in G's and not be damaged. So we are going to be much more involved in waste technology for transportation in the future, and I will be working with Secretary Skinner because this is getting to be a major issue. There are 40,000 shipments of radioactive waste that take place across the roads of the country every year.

Our track record of having few accidents is very good. The track record of spilling anything radioactive is superb. So I believe that as we look into the technologies, that we can assure the American people that we are going to do it responsibly, and this has to be a part of our waste technology program. We are going to be using our laboratories in a much more organized and coordinated way to look at waste transportation as part of the future of waste technology and how we move any toxics, let alone radioactive toxic waste.

So I think in that regard, we are building a program that I believe will benefit both Nevada and the other States as well.

Chairman BYRD. Senator McClure.

CRUDE OIL BARTER

Senator MCCLURE. Mr. Chairman, I note that our schedule is somewhat constrained this afternoon. I will be very, very brief. I have a number of questions which I will submit and ask for a response in writing, primarily dealing with the naval petroleum reserves, the proposed sales of Naval Petroleum Reserves No. 1 and 3, and the expansion of the SPR.

But I wanted to take the time just now very briefly to ask about the attempts to utilize a provision of the Food Security Act for crude oil barter. I don't know whether you are familiar with that program. The efforts have been made in conjunction with the Department of Agriculture. I know we have submitted formal barter proposals to Mexico and Venezuela, we have contacted Algeria, Egypt, Indonesia, Iraq, and Nigeria and, to the best of my information, none have expressed any interest in a barter or a proposal. Am I correct?

Secretary WATKINS. Senator McClure, if I may, I'd like to have Assistant Secretary Wampler answer that.

Mr. WAMPLER. Senator, we did submit those proposals to all those countries and they all indicated they had no interest in the food for crude barter. They would prefer to have the hard currency.

Senator MCCLURE. I will submit some further questions, because it seems to me that several of those countries are food purchasers, and it seems to me that if we could use some of our agricultural commodities to buy some of the oil which they sell, we will have done our agriculture programs some good, as well as having met our requirements for oil.

I would ask you to take a look at that and see whether or not there is something we can do in conjunction with the Department of Agriculture, perhaps in rephrasing the question or sharpening our proposal, or applying a little of the same ingenuity that has been applied to the sale of the petroleum reserves in restructuring those proposals. Maybe with the same degree of ingenuity, we can get some interest on the part of these countries.

Mr. Chairman, I will submit the balance of my questions.

Chairman BYRD. Thank you, Senator McClure.

Senator Stevens.

OILSPILL IN ALASKA

Senator STEVENS. Thank you, Mr. Chairman.

Mr. Secretary, it's nice to see you here and I appreciate the great respect that we all have for you in your past service to our country. I wonder, though, what you've had to do about the great oilspill up in my area.

Did you have a person on that national response team?

Secretary WATKINS. No, sir; we were not initially involved in the regional response team. But we had a person on the national response team. That is, we were there, available to provide whatever technical support we could. I have been in personal contact with the Governor.

We are involved in this interagency team as part of the review process of everything that did not go right and how we might improve it in the future. I will be very much involved in some technological focus at our laboratories on what we will do in the future. I will be proposing in the forthcoming International Energy Agency ministerial meeting in Paris, that we have a much more aggressive international program where we have fly-away teams with the most modern technology, and that we in the Department of Energy should be coordinating a lot of that longer range technology so that we're doing the very best we can, knowing that somewhere, sometime, we'll have another one of these spills and do a much better job, first, in the initial response which was woefully inadequate here—and we all know that—and future technology that could be brought to bear, microorganisms or whatever, to go after this menace that we have periodically happen throughout the world. Whether it's here or in the Gulf of Agaba or anyplace else in the world, we should be a leader in this regard it seems to me.

So those are the things we have ongoing right now. But because of the way the responsibilities shift between the Department of Transportation, and the Coast Guard under them, and the EPA, we were not the immediate player this time because you might say it was post-spigot and out in the ocean as opposed to, say, being at the terminal there at Valdez.

But we are linked into it. We want to be in it, and we are injecting ourselves into the review process that is currently underway.

Senator STEVENS. Well, I don't want to involve you in the ongoing activities of trying to catch up with this oil. They're still trying to catch up with it. But I am starting to think along the same lines that you are, and I've got legislation coming that will cover some of the points you discussed.

CONTINGENCY PLANS

The one thing that worries me is that we get commitments from the oil industry. For instance, there was a commitment from the company involved here that there was a van sitting down in Houston that could be lifted to anyplace where there was a major spill, with a team in it, ready to go within 24 hours. That's just about as valid a commitment as my wife's comment to my little girl about the tooth fairy, you know. It just never comes until I go in and put a quarter under the pillow.

The real problem about this is that you have to deal with them. The Secretary of Energy has to deal with them, they have to deal with you, and yet the people in Government they have to deal with most and come to see you about particular problems in their industry, you have no role in enforcing their commitments to the Government, and I think that is wrong. I believe that the Energy Department ought to have a greater role.

Don't you have a greater role in atomic energy catastrophe planning?

Secretary WATKINS. Oh, yes, sir.

Senator STEVENS. Did you know, for instance, that there was a contingency plan for the gulf down by Louisiana and New Orleans? There's a plan in Great Britain. It's a contingency plan. It's a cooperative plan among the industry participants in moving oil through those areas. I think there's one on Florida. We thought there was one in our State, and we found to our horror, after this was all over, that there was no such plan.

Do you monitor those cooperative plans at all?

EMERGENCY PREPAREDNESS

Secretary WATKINS. At the present time, Senator Stevens, the Department of Energy has an emergency preparedness system. In fact, if I would have to say one thing, when I went to that Department, that was the one branch of the Department I was impressed with. That was under a retired Marine colonel who was brought in there by John Herrington, and he did a heck of a job in getting this strategic petroleum reserve ready to demonstrate it could really move oil in a crisis. I'm going to go down next week and see an operation under a Valdez situation which, if the President had come to the Congress and said, "Will you extend the legislation to include this because we have a permanent situation"—let's say the tanker had sunk in the harbor and the port was closed down for 60 days or something, we would have had a problem on our hands in the Nation. And yet it's not a foreign import.

So, it may have been that there would have been a relationship between the legislative and executive branch at that point, saying maybe we should expand the authority to draw down the strategic petroleum reserve for this purpose. I believe the Congress would have probably gone along with that.

We need to demonstrate then that we can move oil. We can do that.

Also in an electric power outage, supposing there was an internal security problem in the Nation and I am informed by the proper authorities in Government that we have a potential inter-

nal security problem in the Nation, we have to worry more about today than we ever had before.

The external threat probably is more under control than the internal threat for such things as trying to foul up our electric grid somewhere. We are ready to work that.

Domestic oil interruption, we are ready to work that, where we can move oil within the country, and we have an operations plan to link up with both foreign and local entities that can do that. But when I go down that list, I don't find us in the game of being right in the middle of a contingency planning device to clean up an oilspill where it occurs off shore. So I believe that's a hole in the system that we don't have the responsibility for. Now, somebody has to have it, and we have to be coupled into it, because obviously there is a linkage between that and the supply of oil to the country.

So I think it has exposed a weakness in the whole contingency planning program that has to be cleared up before we can really talk about ANWR again and that sort of thing.

NATIONAL EMERGENCY RESPONSE PLAN

Senator STEVENS. Well, because of the superfund potential at the time Congress rewrote the Disaster Act, a manmade disaster caused by an oilspill at sea—it is covered on land, but at sea is not covered by the Disaster Act as it is interpreted now. When we passed the Alaska Pipeline Act, Congress created a fund, as you may know, of $100 million assessed at 5 cents a barrel until there's $100 million—now there is $278 million in it—to follow Alaskan oil wherever it went.

Now, that oil goes down, goes to Panama, through the Panama pipeline. There are super tankers going down. On the other side, the super tanker is picking up the oil. There are other super tankers taking it all away around the Horn and taking it up to the Virgin Islands. The reason for reciting that is this: With your background, don't you believe we ought to have not just an energy team, but a national team composed of people from Department of Defense, EPA, Energy, and the Coast Guard, thereby including those people involved in enforcing the Clean Water Act, available to go wherever our tankers carry oil?

I mean if this had happened in St. Thomas—you know, we've had a terrible reaction up our way—but God forbid it happens someplace where we have no assistance at all. I am alarmed at the inadequacy of the response to these contingency plans. I've got a series of them. I invite you to take a look at them. At the request of another committee, industry gave me all of the plans that have been made since this pipeline was built in our State. They have been modified four or five times, and they look wonderful on paper, Admiral. They're just the best plans you've ever seen.

But the trouble is that when it comes to enforce them, the equipment is not there, the people have retired, and we find that there's no way to really deal with it. I'd like to see us have a national plan. And since it's dealing with oil, I think it ought to be your Department that's at the center of the storm.

Secretary WATKINS. Well, it's nice of you to give us that challenge. We have a number of challenges I'm wrestling with right now.

Senator STEVENS. Why should you have atomic energy and not oil?

NATIONAL CONTINGENCY PLAN

Secretary WATKINS. There should be a national plan like this. We have contingency plans in a range of areas in the military, for example, with fly-away teams ready to go on a moment's notice, some of the best technology, fly-away vans, all sorts of things.

Senator STEVENS. Where were they when we needed them? We didn't get them for a month, Admiral. The DOD got there a month later.

Secretary WATKINS. But I'm just saying, it's not well coordinated when it comes to things like collisions at sea and oil spills or any other toxic waste that could be spilled out there. We're not ready to do it and I think that's going to come out of this review, because the White House has agreed with me that the development, for example, of ANWR has got to be deferred until the public and the Government are convinced that the contingency plans you're talking about, including equipment, personnel, procedures, and testing for oil industry accidents are adequate.

So that's got to be done, and that is the goal of the administration now, to get on this and aggressively go after it, and we will be very much a part of that. I believe with my background coming out of the military and knowing that we do exercise these contingency plans, that they must be done at least annually if not semiannually. In the case of the strategic petroleum reserve, we exercise that twice a year, one nationally, one internationally.

This has to have an international ring to it, because I believe we should be responsible for our ships going on the rocks and shoals of somebody else's coast as well. We need to make sure that we are on top of the technologies that exist worldwide. We're not the only one that has these problems. The French have good technologies, the Swedes do, the Norwegians do.

So we need to be very sensitive to it and I think we can get some matching funds here. I don't think we have to support this all from Federal funding. I think the oil industry itself has to be a major participant in this, and we have to be seriously coupled with them, with modern operational skills, to have the command and control capability to control such a device.

We would have had to have a major control center and should have one right at Valdez.

Senator STEVENS. I agree with you. I was going to speak on this to the chairman. I believe that these contingencies are going to be coming on us now, the new contingency plans—you know, there were three Exxon tankers that went awry in less than a month. The *Houston* was hung up in Hawaii, the *Valdez* went aground in our State, and another one—I forget the name of it—on its way down to Puget Sound lost power.

Now, any one of those other two could have been a disaster just like ours. But I don't believe the taxpayer should pay for these con-

tingency plans or for the equipment that has to be maintained and periodically upgraded and thrown away. It seems to me that even the contingency plans that you and I are talking about ought to be financed by the consumers of the energy involved.

HEARING ON VALDEZ CLEANUP COSTS

Mr. Chairman, I've taken a lot of time. I would like to discuss with you and other members of the committee sometime, a hearing later this year to go over all of the costs that have been spent now by Federal agencies and how they're going to get that money back. I find the Coast Guard has got a lot of people in there in the Valdez area from the Fish and Wildlife Service for patrol activities. Every agency involved has had to skim money off of other activities and have spent it on this emergency, and now I'm afraid when the money comes back—I think Senator McClure expressed this before—it's liable to go back into the Treasury, and those entities that had that money that we gave them for this fiscal year, are going to be short of money in August, September, and the early part of the next fiscal year if we don't find some way to get that money back to them.

We asked the President to see if he could get $50 million from Exxon to find a way to pay these agencies back the money they've already advanced. We have not seen any response to that letter yet, I might add, but it does seem to me that this committee is going to have to face that problem perhaps even in the supplemental, Mr. Chairman.

I've talked to Coast Guard people and they are strained already. They've had crews on that spill now for 5 weeks, and some of them have been going around the clock, and they must be replaced soon.

Just as an update, I'll tell you that I just got off the phone, Mr. Chairman, and the oil unfortunately is down south of Chignik Bay. Of course, that doesn't mean a lot to you all, but I've got to tell you, it's already 1,000 miles from where the ship cracked up. So that's a tremendous oil spill, still going down the chain, and we are fearful it might turn up and go north of the chain through Unimak Pass up into the great Bristol Bay.

So it's something we are going to have to spend a lot of time on. I appreciate your time today, gentlemen. Thank you very much.

Chairman BYRD. I share your view, Senator Stevens. With respect to such a hearing, we will be glad to discuss that and hopefully arrange it.

CLOSING REMARKS

Well, I think you're off to a good start, Mr. Secretary. I am very impressed with what you've said today and the dedication that you've demonstrated already in this new task. I want to say again that I am especially pleased that you are placing very strong emphasis on clean coal technology to bring about reductions in nitrogen oxide, sulfur dioxide, and carbon dioxide. So we will be working with you.

If members have questions, you will submit those for the record. I have several other questions, but I am going to, in the interest of time, submit those for the record.

PREPARED STATEMENT OF SENATOR THAD COCHRAN

Senator McCLURE. Mr. Chairman, I have a statement by Senator Cochran that I would like to insert in the record at the appropriate place.

Chairman BYRD. Very well. That will be included, Senator McClure, at the conclusion of the hearing.

I can't close our hearing without saying a complimentary word with respect to Mr. Allen Wampler, who has been around here with us for quite a while and who always demonstrates great ability and tremendous knowledge which leaves me with the strong impression that he does his homework. He is always very well prepared when he has come before the subcommittee.

Thank you again.

Senator Leahy, did you have any questions?

Senator LEAHY. Only this, Mr. Chairman. I, too, am glad to see the admiral here. I keep reminding myself to move to Mr. Secretary from Admiral. As I told him at the time, I think it was an excellent choice by the President. We've been having a hearing in Foreign Operations this afternoon which has kept me there, Mr. Chairman. I probably will have some questions for the record on this, and I have left with staff questions for the record for the next witness, the questions I've discussed with him informally.

I am going to have to go back to the other, but I concur in your statements about the Secretary. I think he is doing a superb job.

ADDITIONAL COMMITTEE QUESTIONS

Chairman BYRD. Thank you, Senator Leahy. Your questions will be included in the record. Mr. Secretary, we will appreciate your prompt response to the questions.

Thank you all.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Question: Turning to the issue of the global warming, Mr. Secretary, yesterday morning on the NBC Today Show, you stated that there are a number of energy related problems including "global warming, which is real." I am unaware that the Administration has concluded that the global warming problem is real.

Would you explain what you meant by this statement?

Answer: The global warming issue has a direct bearing on support for and direction of our energy policy. In this sense, as an official directly and immediately concerned with energy technology development, energy initiatives, and overall energy policy, global warming is a key and real consideration for me.

As I said during my confirmation hearings in answer to a question from Senator Wirth, "The Department of Energy must be one of the lead agencies in reducing the remaining scientific uncertainties in this area. At the same time, we should pursue mitigating actions that can be justified on their own merits, such as the development of more efficient combustion technologies and alternative energy sources."

It is essential that we rapidly and accurately resolve the unknowns associated with the release of CO_2 and other greenhouse gases into the atmosphere. We must have a soundly based assessment of the consequences of the release due to the enormous potential impact on our economy and environment. Obtaining an accurate assessment is of the highest priority so that we can make decisions on such a pivotal issue with the confidence that we are responsibly serving our society and its future.

Question: Is it not correct that the federal government has only recently initiated a task force on global climate change and that there is continuing uncertainty as to whether the planet's climate is in fact warming, or what cost-effective methods of response might be employed, if in fact, a problem is determined to exist?

Mr. Secretary, I raise these questions to make you aware of my concern that we should not, in our defense of nuclear technologies, make unfounded charges or statements about competing energy sources, such as fossil fuels.

Answer: I consider the threat of greenhouse gas-induced global climate change a very serious matter. DOE will continue its role in helping to resolve the scientific uncertainties surrounding this issue and encourage the actions which can to help alleviate any threat and which are already justified on other grounds. Research is required to provide scientific underpinnings before the cost analyses of reducing CO_2 emissions or adopting alternate energy technologies can be conducted. While the research is underway, I support only those actions that do not preclude our future options and that can be justified without reference to the greenhouse effect.

Since 1978, working with the National Climate Program, the Department has been the lead agency for carbon dioxide research. What has been formed in the last year is the Committee on Earth Sciences. This group is defining the research necessary for a coordinated Federal program of research on Global Change. This broader scope of research includes biogeochemical dynamics, ecological systems, climate and hydrologic systems, human interactions, and solar influences, as well as climate change. DOE has a key role to play in this program of research.

Energy Policy Initiatives

Question: Given the steady increase in oil imports, nearly half of which the Energy Information Administration (EIA) estimates came from OPEC sources in 1988, and EIA's projection that approximately fifty-five percent of our petroleum will come from non-domestic sources in ten years, what energy policy

initiatives will you be recommending to the President to help restore this nation's energy security?

Answer: Despite extensive energy production from the Nation's reserves of oil and gas, large quantities of recoverable oil remain in place. To encourage recovery of this oil, President Bush has proposed targeted financial incentives for the domestic oil industry. These incentives would prevent the premature abandonment of recoverable reserves and encourage the use of enhanced recovery techniques to recover oil that was previously passed over. We are also committed to the successful development of new energy technologies and the transfer of those technologies to industry. We shall also continue to support basic science research through the national laboratories and universities.

The United States is unlikely to be able to produce its way out of import dependence through conventional fuels alone. Enhanced recovery and frontier exploration will help, but conservation and development of alternative energy sources must be a major part of our national energy strategy.

Over the next year, the Department will prepare to an integrated national energy strategy. This plan will establish goals for enhancing energy security and for developing energy sources that can supplement and replace oil in the long run.

Question: With the steady increase in oil imports, would you describe any adjustments or changes you will be making in the Department's emergency preparedness strategies and planning?

Answer: Although oil imports are increasing, the United States and its allies are better prepared than ever before to confront an energy emergency. To begin with, several steps have been taken to mitigate our energy security problems and, in turn, augment our resilience to an oil crisis. For example, we have increased our Strategic Petroleum Reserve to about 570 million barrels of crude oil. We are promoting a strong domestic oil industry by eliminating unnecessary regulation and have proposed additional economic incentives to encourage drilling. Energy savings from conservation and progress toward diversification of our energy resources are occurring. Additionally, our continued emphasis on international cooperation regarding the build-up and use of oil stocks in emergencies has met with significant success. The government-controlled stocks of our partners in the International Energy Agency currently total nearly 400 million barrels of oil.

Second, improvements in our crisis management decision-making capabilities will reinforce the contributions that stock drawdown can make in an oil crisis. For example, national security indicators have been developed and are constantly monitored to help ensure a timely response to an oil crisis.

The legal authorities (particularly the Energy Policy and Conservation Act and the Defense Production Act) for responding to an energy emergency generally are considered sufficient to deal with both national and regional problems, including national defense-related energy problems, that may arise from an oil supply disruption.

Strategic Petroleum Reserve

Question: Turning now to the Strategic Petroleum Reserve (SPR), the Senate report (Report 100-410) accompanying the FY 1989 Appropriation Bill requested the Department of Energy to initiate studies associated with expanding the SPR to a one billion barrel level.

This winter the Department released various analyses that indicated the advisability of expanding the Reserve.

On March 6th, Departmental witnesses confirmed that the benefits of expanding the SPR greatly exceeded the costs for nearly every scenario that was considered.

However, about two weeks ago the Department submitted the formal SPR expansion study requested by the Committee.

Why did that study conclude further study, by an inter-agency team, was necessary before making a recommendation on expanding the Reserve?

Answer: The Department believes that a decision on the target size of the Strategic Petroleum Reserve is a significant policy choice which should encompass broad economic, national security, and foreign policy considerations. A 250 million barrel expansion would cost $6 billion at today's oil prices. The Department would benefit from the perspectives of other agencies on these matters.

Question: What additional issues need to be studied?

Answer: The interagency effort will be led by a high-level policy group, and one of the first topics for the group will be to identify these issues. The types of topics which the Department will pose to the group include:

- Other agency perspectives on the economic benefit/cost assumptions which the Department has been using.

- Possible responses by other oil market participants (U.S. allies, oil producers, private sector, etc.) to U.S. policy initiatives on the Strategic Petroleum Reserve.

- National security energy requirements.

- Policies which could complement the Strategic Petroleum Reserve.

- Implementation considerations, including financing.

Question: When would this new study be completed?

Answer: We plan to reach policy conclusions by the end of this year, but have not defined the form or schedule for a particular study document.

Question: Why weren't these additional concerns addressed by the earlier study?

Answer: The April 1989 study by the Department was in response to a Congressional requirement to produce a study, "to initiate review, evaluation and site selection for additional storage facilities that would provide a 1 billion barrel capacity for the reserve, if authorized on ... the sites of choice, along with relevant data on projected site specific size, construction cost, annual operation costs and access to distribution systems."

This requirement by the Congress was specific and focused on the sites to be developed. The committee report did not direct the Administration to report on the desirability of actually appropriating the funds for all of these facilities and also acquiring sufficient oil to fill them. The Department directed its attention to the specific requirements of the Committee report.

Question: Did the Office of Management and Budget have a hand in delaying the conclusion of this study?

Answer: As with all reports to the Congress, the Office of Management and Budget reviewed the document and concurred in the final report. There have also been preliminary discussions with OMB regarding the policy associated with expanding the SPR beyond 750 million barrels.

QUESTIONS SUBMITTED BY SENATOR JAMES A. McCLURE

Proposed Sale of Reserves 1 and 3

Question: In FY 1989, the Department proposed the sale of Reserves 1 and 3, and valued it at $3.5 billion. The FY 1990 proposal requires a cash bonus of approximately $1.0 billion, certified commitments to deliver oil for SPR at an average rate of 50,000 barrels a day from FY 1990 through FY 1995, and a total of 10 million barrels of crude oil for a Defense Petroleum Inventory during FY 1991 and FY 1992.

Compare the outside interest of the FY 1989 proposal to the FY 1990 proposal. Are there more or less potential buyers under the FY 1990 proposal?

Answer: We have no reason to expect less interest in purchasing Naval Petroleum Reserves 1 and 3 in FY 1990 than in FY 1989. The sale of Elk Hills would be a major sale, but several billion dollars of oil field properties change hands every year. Sale for oil, in addition to cash, adds a new aspect to the sale, but we do not believe this new feature would significantly alter the competition.

Question: How would a potential buyer certify a commitment to fill SPR?

Answer: A potential buyer in effect would certify his commitment to fill the SPR when he made a bid for all or part of Naval Petroleum Reserve No. 1. Winning bidder(s) would have to sign binding contractual sales documents, which would specify the details of the transaction. These contracts would contain enforcement provisions to guarantee that the oil would be delivered to the Strategic Petroleum Reserve.

Question: What do you mean by approximately $1.0 billion in cash?

Answer: The Department of Energy estimates that the cash bonus buyers would pay for Elk Hills after deducting the cost of providing for the fill of the SPR and the Defense Petroleum Inventory (DPI), would be at least $1 billion. The price could be more or less depending on the anticipated price of oil.

Question: At today's prices, the Department estimates the package to be worth about $3.1 billion. This is made up of increments of $1.0 billion in cash, $1.941 billion for the 50,000 barrels of oil a day for SPR and $169 million for the 10 million barrels of oil for the Defense Petroleum Inventory.

Of course, a lot goes into estimating the value of this asset and I don't want to get into a guessing game on the specifics. I am curious, however, how the value apparently dropped from $3.5 billion in FY 1989 to $3.1 billion in FY 1990?

Answer: The President's budget for FY 1989 assumed $3.5 billion in proceeds from the sale of the NPRs in late FY 1989. A subsequent analysis by Shearson Lehman Brothers provided a range of $3.4 to $4.0 billion, based on certain production rate and price assumptions.

The President's budget for FY 1990 reflects a sale for a $1 billion cash payment plus the delivery of oil to the SPR and the Defense Petroleum Inventory (DPI). Under the FY 1990 budget assumptions for oil prices, this total package would be valued at approximately $3.1 billion; however, this value would automatically adjust with oil price changes because of the nature of the sales structure.

The primary differences between the current estimates and those of a year ago are price projections and timing. The FY 1990 budget price assumptions for NPR are somewhat below those used by Shearson last year, and the change in the assumed date of sale causes a reduction in the reserves which would be acquired by new owners.

Question: On what basis do you estimate the value of the oil produced from NPR to be $13 a barrel (pg. 182), the value of the oil to be placed in SPR if NPR is sold to be $15.56 a barrel, and the cost to fill SPR if NPR isn't sold to be $15.81?

Answer: The $13 price for NPR oil is OMB's assumption about the national average price of crude acquired by domestic refiners in FY 1990, modified to reflect the historical difference between the national average price and prices in NPR marketing areas. The OMB assumed average price in FY 1990 is $14.29 a barrel. The modified assumptions are $13.10 a barrel for NPR-1 and $14.22 a barrel for NPR-3. The weighted average of the modified assumptions is $13.14 a barrel.

The FY 1990 budget price for SPR oil in FY 1990 is $15.57 a barrel. This price also is a modification of OMB's assumption of $14.29 a barrel and is increased by $1.28 a barrel to provide for SPR costs associated with Cargo Preference Act compliance and other SPR-specific costs.

To our knowledge, we have not indicated in the budget request or elsewhere that the per barrel cost to fill the SPR in FY 1990 increases from $15.57 to $15.81 if the NPRs are not sold. There is no connection between the $15.57 price assumption and the sale of the NPRs.

Question: Do you agree with OMB's price assumptions?

Answer: At the time the OMB oil price assumptions were provided to support the FY 1990 budget estimates, they reflected world oil market conditions as they then appeared. They did not anticipate the recent increase in world oil prices.

Question: Please provide for the record an analysis of your oil price assumptions used in FY 1989 and those used in FY 1990?

Answer: As discussed above, all price projections for future fiscal years are derived from price guidance issued by OMB.

Based on the history of NPR prices and Domestic Refiner Acquisition Cost (DRAC), we have statistically developed the following relationships between the NPR prices and the DRAC.

NPR-1 crude price = (.93 X DRAC) - $0.37
NPR-3 crude price = (1.082 X DRAC) - $1.45

The resulting oil prices for FY 1989 were $12.07 for NPR-1 and $13.02 for NPR-3. These prices, while consistent with the projections for FY 1990 of $13.10 and $14.22 for NPR-1 and NPR-3 respectively, appeared to be too low based on current market prices and the prices at which oil had already been sold and contracted for in FY 1989 at both locations. Therefore, already billed deliveries and the current sales prices were extrapolated through the remainder of FY 1989 to give a more refined estimate of prices than the projection made by applying our price algorithm to the OMB FY 1989 DRAC projections.

Our modification of the FY 1989 OMB price increased the NPR-1 price by $1.17 to $13.24 and the NPR-3 price by $0.58 to $13.60. This leads to the anomaly that NPR-1 prices are falling between FY 1989 and FY 1990 and NPR-3 prices are rising during the same time frame. Both the OMB and Departmental FY 1990 price projections reflect a year-to-year oil price increase.

There are changes occurring in the California crude oil market, such as new pipeline connections to take California oil to Texas. Due to these changes, the price relationships between the DRAC and NPR-1 prices are likely to evolve. However, new trends take time to be recognizable in statistical data, and they have not yet had a significant impact on price adjustments for longer term oil price and budget projections.

As explained above, SPR prices are OMB price assumptions adjusted for SPR-specific costs not reflected in those assumptions. For FY 1989, the OMB assumption is $13.00 adjusted to $14.24. For FY 1990, the OMB assumption is $14.29 adjusted to $15.57.

Question: The FY 1990 request relating to the sale of NPR assumes a SPR fill rate of 72,000 barrels a day in FY 1990 and 75,000 barrels a day from FY 1990-FY 1995. This assumes that 50,000 barrels a day are provided from the sale of NPR, and the remainder are from additional appropriations. Including carryover balances, funds for 22,000 barrels a day have been requested in FY 1990.

If NPR isn't sold as proposed, would the Administration support funds for the additional 50,000 barrels a day?

Answer: If the NPRs are not sold, the Administration is committed to filling the SPR and, given this commitment, we would seek some alternative method to accomplish this within the Gramm-Rudman-Hollings fiscal constraints and the Bipartisan Budget Agreement.

SPR Crude Oil Barter

Question: The Food Security Act (P.L. 99-198) gave DOE the authority for the barter of agricultural commodities for crude oil. In response to a question at the FY 1989 hearing, you indicated that the DOE and USDA have executed a Memorandum of Understanding in 1987 outlining the procedures for barter agreements.

In addition, USDA has made formal barter proposals to Mexico and Venezuela and has contacted Algeria, Egypt, Indonesia, Iraq and Nigeria. None have indicated any interest.

What were the responses from Mexico and Venezuela?

Answer: While both countries indicated a need to import grain, they were not interested in a barter arrangement involving crude oil. The primary reasons cited were:

- o Crude oil is considered a "cash crop" and export sales are needed to earn hard currency in order to purchase the countries' needs in the open markets;
- o There was little tangible benefit to the crude oil exporting agencies, i.e., the national oil companies and energy ministries, since a sufficient market exists for oil export sales assurance within self-imposed oil export quotas (Mexico) or OPEC quotas (Venezuela); and
- o Both countries were somewhat interested in potential export market expansion for heavy crude oil; however, the SPR requirements were for light crude oil.

Questions: How did USDA make its proposals? Were there specifics involved?

Answer: The proposals to Mexico and Venezuela were made through visits to those countries by a U.S. Government team composed of representatives from the USDA, the Department of Energy and the local U.S. Embassy. In advance of the visits, the proposals were extended by the respective U.S. Embassies to the appropriate Mexican and Venezuela Government officials. The proposals were somewhat general in nature, i.e., expressing the basic concept of exchanging specific agricultural commodities from the Commodity Credit Corporation for crude oil of an equivalent value meeting the SPR's quality specification, with the intent of negotiating details as to terms, timing and comparative values once the country showed interest in the concept.

Question: If you were USDA, how would you change it in order to be successful?

Answer: The Department is unable to offer any suggestions for enhancing the feasibility of a crude oil barter program. As demonstrated by the responses from Mexico and Venezuela, there appear to be financial and economic policy considerations on the part of other countries which are difficult to reconcile with an interest in carrying out an exchange.

SPR Expansion

Question: As part of the FY 1989 Appropriations bill, Congress directed the DOE to provide a report to Congress, by April 1, 1989, concerning potential sites for expansion of SPR. This report was submitted late last month and essentially indicated that more studies are necessary.

Could you comment on this report and indicate how you plan to proceed?

Answer: The Congressional request for a report assumed a one billion barrel reserve and therefore the Department's report to Congress addressed only the implementation requirements associated with expanding from 750 million to one billion barrels. Such an expansion however would cost in excess of $6 billion, and would require major construction and over ten years to complete and fill.

Before embarking on such an undertaking, a comprehensive review is needed to assess whether the benefits of such an expansion would justify the expected costs, and to evaluate SPR expansion in the context of overall domestic and international energy policies. To accomplish this objective an interagency task force is being established. This task force will include such participating agencies as State, Defense, Treasury, Commerce, Labor, Interior, the Central Intelligence Agency, the Federal Emergency Management Administration, the Environmental Protection Agency and the Executive Office of the President. These agencies will provide useful input to decisions about SPR size by providing different mission and organizational views of the future and national priorities and analyzing implications for an expanded SPR in that context.

The review is expected to be completed by the end of calendar year 1989, when a recommendation will be made to the President on SPR size.

Question: Three recent consultants' reports done at the request of DOE and relating to the expansion of SPR generally concluded that the expansion to 1 billion barrels was preferable over the combination of assumptions considered.

One report analyzed the EIA's base case oil forecast of 1987 and concluded that SPR should be expanded to 900 million barrels by the year 2000 in order to meet the 90 day U.S. import requirement.

The same report also used a more complicated probable model of oil supply disruptions, market impacts and macroeconomic losses to estimate the net benefits of alternative SPR sizes. The results indicate the SPR should be expanded to one billion barrels in the 1990s.

With this background, where do you see the DOE going with the SPR in the 1990s?

Answer: The Department continues to support SPR capacity development to a total of 750 million barrels by the end of FY 1991 and SPR oil fill to 750 million barrels by the end of 1995. With the increasing U.S. oil consumption level and growing dependence on insecure, imported oil supplies, the 750 million barrel SPR would provide the U.S. with additional protection against future oil supply disruptions. Our decision whether or not to further expand the SPR to 1 billion barrels, however, requires a careful evaluation of the world oil market, global economic conditions, the likelihood of oil supply disruptions, and the economic benefit of holding additional stocks and releasing them in an emergency as compared to the cost of expansion. The Department continually assesses these factors so as to make prudent and reasoned decisions on the appropriate levels of the SPR.

Question: If SPR is to be expanded, what is the next logical step?

Answer: The next step associated with an expansion of the Reserve would be legislative enactment of appropriations associated with initiation of conceptual planning and environmental assessment activities.

Question: Would additional sites be necessary?

Answer: Yes. The expansion of the Reserve to one billion barrels would likely require the development of at least one new storage site.

Question: What current sites can handle additional caverns?

Answer: There is virtually no space available for additional caverns on existing Government-owned properties (Big Hill has a potential for 1 or 2 additional caverns). However, expansions of 10 to 25 caverns can be accommodated within the salt domes at Big Hill, West Hackberry and Weeks Island, if the Government chooses to acquire additional property at these sites.

Clean Coal Technology

Question: President Bush requested advance appropriations of $600 million for fiscal year 1991 for Clean Coal IV, and $600 million for fiscal year 1992 for Clean Coal V.

The revised budget suggests that the primary reason to request the advance appropriation is "to fulfill the commitment to fund the Clean Coal program in a 5-year time frame."

Is there a programmatic reason to have the $1.2 billion appropriated in FY 1990 for FY 1991 and FY 1992? This is a much faster schedule than previous appropriations?

Answer: From a programmatic standpoint, it is important to proceed with this appropriation schedule for two reasons:

- The sooner demonstrations can get started, the sooner options will be available to complement acid rain legislation objectives.

- Full commitment by Congress to the balance of program financing now will send a clear and strong signal to potential project sponsors that the Federal Government is fully committed to this effort and intends to proceed expeditiously to address both the economic and environmental issues associated with acid rain mitigation.

Question: What are the advantages of appropriating these funds in fiscal year 1990 as opposed to fiscal year 1991?

Answer: The most important advantage is that potential project proposers will know that they can start now to develop projects without facing a major risk that Rounds #4 and #5 may be delayed or eliminated. Potential project sponsors need lead time and confidence that the program is proceeding on a defined schedule, in order to develop strong and viable projects.

DOE will also be in a stronger position to implement Rounds #4 and #5 if the funding and schedule uncertainties are removed.

Finally, the U.S. credibility with Canada will be enhanced significantly if the Congress supports the President's commitments.

Question: Is $600 million the minimum amount necessary in fiscal year 1991 to run an efficient and credible program?

Answer: Providing an advance appropriation of $600 million is consistent with the President's commitment, and it involves a magnitude of activity consistent with Rounds #2 and #3. Stretching out the program would only increase administrative costs, and reduce potential proposers' confidence in the Government's commitment to implement the program on a well defined schedule.

Question: There has been some speculation that the Budget Resolution proposes to decrease the advance appropriation for the Clean Coal Technology Program in FY 1990. I presume that this Budget Resolution is like most Budget Resolutions, and the specifics relating to the proposed increases are easy to find but specifics relating to the proposed decreases are hard to find.

What would be the programmatic impact if we stretched out the advance appropriation for FY 1990 of $575 million for Clean Coal III over two years, initiated Clean Coal IV at $200 million in FY 1992 and initiated Clean Coal V at $200 million in FY 1993?

Answer: A stretch-out in the advance appropriation of $575 million for FY 1990 would result in an adverse impact on the Program. As discussed below, this impact would be expressed through reduced confidence by the industrial sector in the Government's commitment to the Program.

One of the essential factors leading to the success of the Program as measured by the financial participation of the private sector in the cofunded projects of CCT-I (70%) and CCT-II (60%), has been a feeling of confidence that the participants have in the intent of the Government to support each project through all phases. It has become apparent also that this confidence level is being extended to advance planning by the industrial/utility sector through the early support of R&D on projects that show promise for future demonstration in the CCT Program.

This level of confidence is the direct result of the aggressive funding action taken by the Government demonstrating the importance of the Program and confirming its support. Any action that could be considered as backing off by the Government could seriously impact

this confidence and could reduce the level of interest of the private sector in including the CCT Program in their long range plans.

A stretch-out of the $575 million in FY 1990 would have the adverse impact of sending a signal to potential proposers in CCT-III that the Government may be backing off of its commitment to the Program.

Slipping the start dates for CCT-IV and V from FY 1991 and FY 1992 respectively to FY 1992 and FY 1993 would be inconsistent with the intent of readying these technologies quickly to enable them to be fully considered as a means of compliance with acid rain legislation.

QUESTIONS SUBMITTED BY SENATOR DENNIS DeCONCINI

Least-Cost Utility Planning

Question: Admiral Watkins, in the FY 1990 budget request, the Administration is proposing a 70% cut in the Department's Energy Conservation programs. It is my understanding that the budgeting priority for these Conservation programs is determined by long-term available energy projections. I take this to mean that because we have adequate energy supplies, the Administration feels that we do not have to conserve energy. I feel that this is a short-sighted policy because it does not take into account the other positive benefits of conserving energy such as protection of the environment.

A particular program that I would like to raise with you today is the Least-Cost Utility Planning program. In the Department's FY 1990 budget there is no funding requested for this program. Through the Least-Cost Utility Planning program, utilities, regulators and local governments have teamed up with DOE to implement strategies to reduce this Nation's energy bills by incorporating cost-effective energy efficiency measures into utility planning. Moreover, least-cost utility planning can offer cost effective solutions to environmental problems such as acid rain and global warming.

Admiral Watkins, What has been the Department's experience with the Least-Cost Utility Planning program?

Answer: DOE began the Least-Cost Utility Planning (LCUP) program in FY 1986, at about the time when utilities nationwide were expanding their demand-side activities and regulatory commissions were increasing pressures on the utilities to do so. It was evident to all participants that demand-side activities faced formidable barriers. These included uncertainty regarding the quantities of energy saved, limited availability of information on those savings, assessment of technologies and techniques and their potential market penetration, and how to do integrated planning in which demand and supply options would compete on a level playing field.

The Department issued a competitive solicitation that attracted cost sharing from industry and States and local Governments of more than $3 for every $1 awarded. Cooperative projects were initiated with utilities, utility organizations, regulatory commissions, their national organization, other State and local Government units, and private research organizations. Several DOE national laboratories performed research tasks. The activities included addressing integrated utility planning issues and formulated strategies, technology assessment and market penetration assessment, development of analytical tools and related data, and technology transfer. These projects have attracted more than $4 million in cost sharing, and have built up a considerable base of experience in the utility sector and NPUC's.

The Department supports least-cost utility planning. Because the PUCs and utilities now have experience we believe the appropriate Federal role now is that of a catalyst and no earmarked funding is required.

Question: How many State energy regulating agencies participate in the Least-Cost Planning program? How many utilities participate in this program?

Answer: All State energy regulating agencies participate in the Least-Cost Utility Planning program through their membership in the National Association of Regulatory Utility Commissioners (NARUC). DOE has focused much of its research effort in support of NARUC because of this Association's importance in the implementation by utilities of least-cost planning. In addition, DOE cooperative funding has assisted State regulatory organizations in California, Colorado, Illinois, Michigan, Minnesota, New York, Ohio, Rhode Island and Wisconsin.

Currently, 43 States have functioning LCUP policies. Of these at least 17 enforce least-cost planning through regulations and filing requirements. At least 12 of these States have taken legislative action.

Over 30 utilities have been specifically supported by the DOE program in the development and assessment of least-cost plans and in the development of a data exchange network for sharing information on demand-side management program experience. These include the 19 Northeast utilities participating in the DOE cooperatively funded NORDAX data exchange program as well as utilities in Oregon, Rhode Island, Texas, Illinois, Ohio, California, Colorado, and Washington.

Virtually all U.S. utilities are involved in evaluating LCUP within the context of their individual requirements through membership in the Electric Power Research Institute (EPRI), the American Public Power Association (APPA), and/or the Edison Electric Institute (EEI).

Question: Do you agree that the Least-Cost Utility Planning program stimulates successful implementation of least-cost planning at the State level?

Answer: It has. The Northeast Data Exchange, or NORDAX, received seed funding from DOE's LCUP program in FY 1987 and has now become one of the most comprehensive utility databases of demand-side information available anywhere in the world. The New York State Public Service Commission and all of the State's electric utilities are members. NORDAX now contains information on benefits and costs of 90 utility conservation programs conducted by 19 U.S. utilities and one in Canada. The U.S. utilities serve almost 16 million customers and sell more than 300,000 gigawatt hours of electricity annually, about 12.9% of U.S. sales. The NORDAX utilities provided about 75% of the database funding in the first year of operation and now 100%. One of the objectives of the LCUP program is to serve as a catalyst in stimulating implementation of least cost planning. At this point, States and utilities have clear examples of the benefits of least-cost planning activities, so direct Federal funding is not as important as it was.

Question: Has the Department undertaken an analysis of the cost savings nationally to consumers as a result of the Least-Cost Utility Planning program?

Answer: No. However, DOE has recently initiated analyses to estimate the dollar, energy and capacity savings attributable to conservation and load management activities by the year 2000. This report will be completed in the fall of 1989. The Investor Responsibility Research Center (IRRC) has estimated that 90 percent of the 208 publicly held U.S. utilities will spend approximately $1 billion on conservation programs in 1989. IRRC has also estimated that 21 gigawatts could be saved through conservation and load management programs in 1989. This number is equal to the output of 21 large nuclear plants that might have cost $5 billion each to build, according to the Electric Power Research Institute.

QUESTION SUBMITTED BY SENATOR THAD COCHRAN

Question: Mr. Secretary, in your statement you mention your strong support for high risk energy research and development. I assume that this means research and development which industry could not perform because the risk does not warrant the investment. I agree with this approach for Federal research spending.

One thing that has been brought to my attention is that some instruments that are being developed by Department of Energy (DOE) facilities are not being developed to the point that industry can use them.

For a number of years, Mississippi State University has been developing instruments which use laser technology to measure particles coming out of virtually any source. This could be used to measure microscopic leaks in nuclear facilities, for high-temperature energy producing facilities, as well as a number of other uses. The main goal of these instruments is to improve energy efficiency of whatever is being measured. In a matter of seconds, these instruments can diagnose the size, speed, and content of particles, and can recommend changes in the facility or its processes which would improve its efficiency.

The university has carried these instruments around the country to perform tests on various facilities. They have even carried these instruments to China for some evaluation work there.

This technology transfer is the only work of its kind in the country, and has been pursued not only by China, but also some European nations.

In addition to industry uses, this program also trains engineers in this type of technology.

Right now, this program known as the Diagnostic Instrumentation and Analysis Laboratory, is housed in several buildings on the Mississippi State campus. In order to expand this development--again, the only program of its kind in the country--there needs to be a facility to consolidate the resources and allow necessary room for training and for expansion of the mission of the Lab.

I wanted to make you aware of this concern and of this program and ask for your support in obtaining the funds for this project.

Answer: The Department was directed by Congress in the Conference Report (H. Rept. 100-862) accompanying Public Law 100-416, the Department of the Interior and Related Agencies Appropriations Act for FY 1989, to conduct "...a feasibility study on the value of a diagnostic instrumentation and analysis laboratory at Mississippi State University..." A report on this study was prepared and distributed to the appropriate Congressional Committees. A copy of this report is being forwarded to you under separate cover.

The Department concluded that, although the existing DIAL project has provided valuable support to the Department's Fossil Energy MHD project, the potential benefits of an expanded DIAL do not justify its proposed costs. The study indicated that there are a number of facilities around the country with similar capabilities. The mobile equipment is the one unique feature of the MSU facility.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

Global Climate Change

Question: I am most pleased to see the President make a commitment to increased research into global climate change in his FY 1990 budget request. As the chart shows, the budget request totals $190.5 million for seven federal departments and agencies to address the phenomenon know as global change. The request represents a $56.6 million, or 42 percent, increase over the FY 1989 funding level for such activities. Support for this request will allow us to proceed with the initial strategy for a comprehensive, long-term global change research program outlined in "Our Changing Planet: A U.S. Strategy for Global Change Research," which accompanied the budget request.

Table 1 on pages 24 and 25 of the "Changing Planet" report outlines the proposed global change budget program by agency and science element.

Would you please provide for the record a detailed breakdown, by program account, and amount what these funds would be used for, if appropriated?

(The information follows:)

Breakdown by Program Account
(Dollars in Millions)

Biological and Environmental Research		$26.0
CO_2 and Climate Research	22.1	
Atmospheric Sciences	1.9	
Ecological Theory	2.0	
Basic Energy Sciences		$1.2
Geosciences	1.2	
Total DOE Budget for Global Change		$27.2

The prospect of global climate change which could change our lives is potentially very serious. Potential impact on energy use could be immense; therefore it is imperative that actions are based on sound scientific information. The DOE program is modest in scope, but clearly seeks to understand the cause and effect relationships between energy emissions and climate. In particular, measurements will be initiated on the quantitative link between rise of greenhouse gases and change in atmospheric or climate properties. Carbon dioxide and climate research will focus attention on global sources and sinks of CO_2. Data acquisition and modeling will begin to analyze rates of change in the exchange of CO_2 and heat between atmosphere and ocean. Computer capability will be expanded for diagnostic climate analysis and for testing global climate models.

Atmospheric research will focus on precipitation chemistry, and the effect of sulfate aerosols on cloudiness and radiative balance.

Research on ecological theory will strengthen and expand the theoretical underpinning for analysis of global change.

Geosciences research will begin research on quantitative understanding of energy related earth processes.

Question: Would you also provide a brief summary of the questions the research supported in this initiative would address, and how it would advance our understanding of the potential impacts of global change?

(The information follows:)

The many facets of global change occur over long time periods, and involve many atmospheric, oceanic and land processes. Climate change is an important concern, and detection of change requires systematic and long-term observations. An important DOE role is to conduct research on CO_2 and other emissions from energy, to determine the sensitivity of climate and vegetation to changing concentrations of atmospheric gases. The research:

- o investigates how the earth's natural biogeochemical system can accommodate excess CO_2 and methane from energy sources;
- o analyzes climatological data to detect global warming; new measurements are being explored which will quantitatively link change of atmospheric and climatic properties to the greenhouse gases;
- o looks for ways to improve the general circulation models that are used to predict global and regional climate change;
- o examines the combined effects of increased greenhouse gases and climate change on vegetation.

This research enhances understanding of global processes in terms of:

- o determining rate of change of atmospheric CO_2; this information is important for related estimates of rate of climate change, and for identifying energy response strategies--if such actions are deemed necessary.
- o establishing quantitative cause and effect relationships between atmospheric change of greenhouse gases and the global and regional climate responses.
- o determining how representative ecological systems (and the global life-support system) may be modified directly by rising atmospheric CO_2 and indirectly by climate change.

While this research focuses on global change problems of crucial interest to energy, the studies often rely on cooperative arrangements with other institutions and agencies.

Question: How does your department/agency propose to coordinate its research efforts under this strategy with the ongoing work of the other federal entities involved in this initiative?

Answer: During the past year DOE has joined the interagency effort to develop a research strategy for global change, and research plans are being incorporated in the interagency planning process of the Committee on Earth Sciences (CES). DOE will have an important part in the research on biogeochemical dynamics, ecological systems and climate and hydrologic systems. Initiatives include support for carbon measurements of the Global Ocean Flux Study, for climate observations and analysis to quantitatively link radiative and climate change to greenhouse gas concentrations, and for enhanced research in theoretical ecology to underpin experimental, modeling and ecological systems in global change. The Department will continue to work cooperatively with the CES in the implementation phase of the US Global Change Program. There are effective Interagency Agreements between DOE and other agencies (NSF, USDA). The Department also works closely with the National Academy of Science's Boards and Committees in this subject area.

DEPARTMENT OF THE INTERIOR

SECRETARY OF THE INTERIOR

STATEMENT OF MANUEL LUJAN, JR., SECRETARY

ACCOMPANIED BY ANTHONY L. ITTEILAG, DIRECTOR OF BUDGET

OPENING REMARKS

Chairman BYRD. Next, the subcommittee will hear the Secretary of the Interior, Manuel Lujan, Jr. Welcome before the subcommittee, Mr. Secretary. This is your first appearance before the Interior Subcommittee. We will include a copy of your biography in the record at this time.

We are familiar with you and your service in the House of Representatives over a period of 20 years. So you bring some congressional perspective to your new position as Secretary. Perhaps one reflection of that perspective is the directive which I understand you issued as part of your fiscal year 1991 budget guidance to the Department's bureaus and offices. That directive eliminated the Department's previous policy of automatically excluding all congressional amendments from the subsequent year's budget request.

I want to call this refreshing policy change to the attention of my colleagues this afternoon, and I want to compliment you, Mr. Secretary. For too long we have needed someone who had some idea of how this Government of ours works and the checks and balances between the branches, and with someone like you who has had previous experience in the legislative body, I feel confident that we are off into a new era of cooperation and less confrontation.

PREPARED STATEMENT

Let me suggest now that your prepared statement will be inserted in the record in its entirety. If you wish to summarize it, you may do so. If you have any associates whom you would like to introduce for the record, you may do that. Please proceed.

[The statement follows:]

STATEMENT OF MANUEL LUJAN, JR.

I am pleased to appear before you today in support of the President's FY 1990 budget for the Department of the Interior.

In his Inaugural Address, President Bush said that "not only leadership is passed from generation to generation, but so is stewardship." The President and I agree that the conservation and wise management of our natural resources will have a priority in his Administration. We are committed to protecting and enhancing the Nation's valuable resources, as well as proceeding with their environmentally sound development.

Before discussing the specifics of our 1990 budget request, I would like to discuss the devastating oil spill in Alaska's Prince William Sound which has affected all of us so deeply. Certainly, we want the adverse effects of this tragic oil spill in Prince William Sound to be reversed as quickly as possible and for this to be a learning experience so that each of us -- the oil and gas industry, the Federal Government, and State and local governments -- takes all practical steps to help ensure that tragedies of this magnitude do not happen again.

Our activities with respect to the oil spill in Prince William Sound flow both from our responsibilities under existing Federal environmental laws -- the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) and the Clean Water Act -- to provide response assistance to the Coast Guard, and from our own broad authorities to protect all natural resources under Interior's jurisdiction affected by the spill, including the area's National Parks and National Wildlife Refuges. The Department also has authority to conduct an assessment of the natural resource damage resulting from the spill. As you know because the *Exxon Valdez* incident occurred in coastal waters, the Coast Guard has the lead on response oversight and has complete responsibility for on-scene actions to assess, prevent, contain, assure clean-up of, or otherwise mitigate the effects of the spill. This authority includes the ability to access the revolving fund established to reimburse the Federal costs of clean-up actions under authority of Section 311(k) of the Clean Water Act and the National Contingency Plan.

We have been actively and directly involved with the Coast Guard and other Federal and State agencies organized through the Alaska Regional Response Team in terms of our on-scene response to the spill itself. Let me briefly describe the work we have undertaken.

When the tanker *Exxon Valdez* struck a reef 30 miles outside the Port of Valdez, Alaska, the immediate concern was for the land and wildlife of Prince William Sound. The Fish and Wildlife Service (FWS) began working almost immediately to aid in the rehabilitation of living, oiled birds and mammals, whenever practical. The Service

has been overseeing private contractors hired by Exxon in the establishment of bird and otter cleaning and rehabilitation facilities.

The Service is also conducting shoreline surveys in the Prince William Sound spill area as counts of dead or moribund birds, otters, and other marine mammals on beaches to provide a measure of the spill's direct impact. Similar systematic surveys are also being conducted by air and at sea in all areas where the oil spill has spread. In this way, the FWS can determine the impact on marine and coastal birds and mammals.

When the spill response entered its fifth day, it became clear that the oil would not be contained in the Sound and that, after entering the currents of the Gulf of Alaska, it could come aground in Kenai Fjords National Park.

In response to this threat, the National Park Service (NPS) called in an Incident Command Overhead Team on March 29 to assist the regional staff and park staff of six. Teams of biologists did quick intelligence gathering to locate concentrations of marine mammals and birds, and to assess methods of protection. The command team, working with the City of Seward, Kenai Peninsula Borough, fishermen, and the State of Alaska, set priorities for protecting important fish and wildlife habitat. Subsequently, the Coast Guard directed boom deployment and other operations. Local fishermen were instrumental in deploying oil contaminant booms obtained by the City of Seward. Branch operations were established in Kenai and Homer; these branches are supporting the NPS response efforts for Katmai and Lake Clark National Parks.

In addition to these actions, I have negotiated, in cooperation with the other Natural Resource Trustees established under authority of CERCLA and the Clean Water Act (the State of Alaska, the Departments of Agriculture and Commerce), an initial up-front $15 million payment from Exxon to begin damage assessment activities to determine both the short and long-term effects of the spill on our park, wildlife, and other natural resources, in order to establish the mitigation steps and compensation that will be necessary to return these areas as best as is humanly possible to their pre-spill condition. With respect to funding for our activities related to the spill, existing law places most of the burden for these expenses clearly on the shoulders of the responsible party. We will be doing all in our power to ensure that such costs are appropriately collected from Exxon.

As a member of the National Response Team, the Department has been actively reviewing, along with EPA and other Federal agencies, the adequacy of industry, Federal, or State contingency plans implemented at the time of the incident in Alaska. The National Response Team was asked by the President to prepare for him a 30-

day report to indicate the immediate lessons learned from the Alaska spill and to prepare a more detailed, analytical report on the overall adequacy of oil spill contingency planning to be presented to the President within six months. In addition, within the Department, I have directed the Minerals Management Service (MMS) to increase its research on oil spill contaminant and clean-up technology and to share the costs of such studies with industry. Finally, I have directed MMS to initiate more unannounced inspections of offshore oil drilling platforms to insure that we maintain a heightened state of readiness to prevent and, if necessary, respond to emergencies.

Overall Goals

With respect to our principle goal of stewardship, the President and I have jointly agreed to an expanded ten-point agenda for the Department of the Interior. The word "stewardship" naturally expands into an acronym for outlining these ten points: **S**tewardship; **T**erritories; **E**ducation; **W**ar on Drugs; **A**merica the Beautiful; **R**esponsible, Efficient and Ethical Management; **D**omestic Resources; **S**cience and Technology; **H**armony; **I**ndian Tribes and Alaska Native Groups; and, **P**artnerships. Let me expand upon this theme for my direction of the Department of the Interior and its employees:

STEWARDSHIP: We will be good stewards, conserving and wisely managing our national resources of limitless beauty and value.

TERRITORIES: We will work with the leadership of the Territories and Freely Associated States to further the political, economic, and social development of their peoples.

EDUCATION: We will place a high priority on the important role of education in ensuring the public's knowledge, appreciation and support of our natural resource policies. We will use Departmental resources to help develop the Administration's long-range plan to reform, rejuvenate, and revitalize our education system for the benefit of all Americans.

WAR ON DRUGS: We will be aggressive soldiers in the Nation's war on drugs. We will take appropriate measures to: (1) increase cooperative efforts with State and local law enforcement officials to eradicate illegal crops and to interdict the sale and transportation of drugs on public lands; (2) provide a drug-free workplace; and (3) encourage treatment for drug-users.

AMERICA THE BEAUTIFUL: We will implement President Bush's "America the Beautiful" concept to strengthen and preserve our National Parks, National Wildlife Areas and Wilderness Areas.

RESPONSIBLE, EFFICIENT AND ETHICAL MANAGEMENT: We will manage the Department in a fiscally responsible, efficient and ethical manner, with a high priority placed on equal opportunity.

DOMESTIC RESOURCES: We will manage the multiple-use Federal lands and waters to provide the widest range of benefits from these domestic resources to the American people, including preservation, recreation, energy, minerals, water supply, food and fiber.

SCIENCE AND TECHNOLOGY: We will aggressively apply the Department's unique scientific and technological resources to the solution of national and international problems such as water and air quality, global climate change, acid rain, and biodiversity.

HARMONY: We will strive to bring a spirit of harmony to our public policy discussions through consultation, cooperation and coordination instead of confrontation among competing interests, consistent with President Bush's call for a "kinder, gentler Nation".

INDIAN TRIBES AND ALASKA NATIVE GROUPS: We are committed to making the ideals of Native American self-government and self-determination a reality. We will work with Native Americans to promote economic development, improved educational opportunities, and other measures to enhance their quality of life.

PARTNERSHIPS: We will promote partnerships with State and local governments, individuals, and public and private groups at all levels, as well as utilize President Bush's "thousand points of light"---the varied, voluntary, and unique organizations within our Nation of communities.

With respect to our stewardship agenda, I want to highlight three specific areas:

The first concerns **education** which I believe has an important role to play in assuring the public's knowledge, appreciation, and support of our natural resource policies. On a personal note, I take a deep interest in the education of young people, and I will personally work with others to develop a long-range plan to reform, rejuvenate, and revitalize our educational system. For example, in March, the Secretary of Education and I visited several Bureau of Indian Affairs (BIA) schools to learn first-hand about them. This trip reflects our commitment to improving education for Native Americans. We met with BIA officials, school administrators, teachers, parents, and children in an attempt to identify the needs of schools and the successful programs which might be duplicated throughout the BIA educational system.

One illustration of how the BIA is working to improve education is the Effective Schools program which is being implemented in 19 schools in school year 1988-89. These schools have received training to implement the program and are developing school improvement plans to increase student

achievement. The program will include other schools in school year 1989-90.

In addition, there are many other areas where the Department is working actively in the area of education. For example, an important part of the Bureau of Land Management's recreation resources management program is the education of visitors to the public lands. This is accomplished primarily through on-the-ground contact by recreation specialists and law enforcement rangers, as well as through brochures, signs, and other materials.

An example of National Park Service activities related to education occurs at the Gateway National Recreation Area where 26 acres of open beach, marshland, fresh-water ponds, and uplands provide an outdoor classroom for teachers and students of all ages and backgrounds. Programs include two special programs: The Ecology Village is the only tent and camping program in New York City where students learn about the marine ecosystem. The Sandy Hook Discovery Program is a 2 1/2 day residential experience targeted for urban youth in grades 4-6 to explore the marine and historic environment of Sandy Hook. Similarly, the San Francisco Bay National Wildlife Refuge Environmental Education Center of the Fish and Wildlife Service is a place to learn about the Bay environment through hands-on activities. Students of all ages have an opportunity to study a variety of topics, such as plants, wildlife and their habitats, marsh ecology, and environmental conservation.

I also intend to place a strong emphasis on **volunteerism**. The Department now benefits from an increasing number of volunteers who work in parks, refuges, and hatcheries, and on public lands. In 1988, there were over 70 thousand volunteers who contributed nearly 3.5 million hours of their time. They picked up litter, cleared brush from trails, provided information on parks, conducted bird surveys, did archaeological research, and helped out in a variety of other ways. Their work was estimated to be valued at more than $28 million in 1988 at very little cost to the taxpayer. I have directed Assistant Secretaries and Bureau and Office Directors to increase or, in some cases, to establish volunteer programs in their agencies and we have drafted legislation to expand the acceptance of volunteer services within the Department.

The Department has and will continue under President Bush to place a high priority on strengthening **drug enforcement and eradication** efforts on public lands. The 1990 budget reflects this commitment and I will discuss the details of our drug enforcement and eradication proposal later in this statement.

As you know, Mr. Chairman, we are here today to present the budget for the Interior Department that was developed by former President Reagan and has been revised by President Bush. The revisions proposed by President Bush will provide additional funding for new Federal land acquisition by three Interior bureaus -- the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management -- as well as by the U.S. Forest Service in the Department of Agriculture; remove funding caps for the Federal Aid in Wildlife and Sport Fish Restoration programs of the Fish and Wildlife Service; and postpone or delay three OCS lease sales.

Although specific details are not yet available, we support the April 14 bipartisan budget agreement between the President and the joint leadership of Congress, and we will be happy to give our overall support to appropriations bills consistent with that agreement.

The pending budget for annual appropriations for the Department totals $5.4 billion, including President Bush's initiative to fund land acquisition. Excluding the Bureau of Reclamation budget, which is considered by the Energy and Water Development Subcommittees, the 1990 request for programs under the jurisdiction of this Subcommittee is $4.5 billion, a reduction of $78.2 million from the 1989 enacted level of $4.6 billion.

HIGHLIGHTS OF THE 1990 BUDGET

Drug Enforcement and Eradication

One of the most compelling problems facing the Department in recent years has been the growth in drug enforcement problems on lands it administers. As a result, in June 1988 the Department issued a Drug Enforcement Policy Statement with the stated goal of eliminating the possession, use, cultivation, and trafficking of drugs on these lands. Towards this end, the 1990 budget includes a substantial increase in funds for drug law enforcement and eradication, as shown in the following table:

(In millions of dollars)

Bureau	1989 Enacted	1990	Difference
Bureau of Land Management	$1.3	$6.8	+$5.5
Fish and Wildlife Service	0.4	1.4	+1.0
National Park Service	1.2	11.5	+10.3
Bureau of Indian Affairs	1.4	2.4	+1.0
Terr. and Intl. Affairs	1.5	0.9	-0.6
Bureau of Reclamation	0.0	0.1	+0.1
Total	$5.8	$23.1	+$17.3

Successful past enforcement efforts have caused drug growers and smugglers to spread their operations over larger areas of the public lands and use more sophisticated techniques, thereby increasing the risk of harm to both visitors and Interior personnel. The additional funds being requested will be used primarily to strengthen patrols in selected urban and remote areas, acquire specialized equipment, utilize more advanced detection and surveillance methods, and enhance cooperative efforts with other law enforcement agencies.

The request for the National Park Service includes $3.9 million for a replacement helicopter that will be used for a number of activities to support operations of the Park Police in the Washington, D.C. area, including search and rescue, patrols, escort duties, and drug enforcement. In addition to the amount shown above, the Bureau of Indian Affairs also funds drug enforcement efforts through the Tribe/Agency portion of the budget in amounts determined by the Tribes.

Land Acquisition

In keeping with President Bush's decision to acquire land and water resources for the enjoyment of present and future generations, we are amending the 1990 budget request to include appropriations for the purchase of important lands for the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service (NPS). The Administration proposes to finance this land acquisition from the Land and Water Conservation Fund at the 1989 enacted level. In the interest of reducing the substantial backlog of authorized, unfunded Federal land acquisition, no funds are being requested for NPS State grants.

In addition to these funds, $33.3 million in receipts from the Migratory Bird conservation fund (a permanent appropriation within the Fish and Wildlife Service) will be used for wetlands acquisition projects.

Acquisition of areas with high public visitorship that will be enjoyed by people will be our top priority. We are particularly committed to the development and expansion of existing lands in and near urban areas, such as the Santa Monica Mountains National Recreation Area. Funds appropriated for land acquisition are being targeted to ensure preservation of our Nation's most valuable natural and cultural resources.

Outer Continental Shelf Program

As was mentioned earlier, President Bush has directed changes to the 1990 OCS leasing schedule. He has also established a task force consisting of the Interior and Energy Departments, the Environmental Protection Agency, the National Oceanic and Atmospheric Administration, and the Office of Management and

Budget to review and resolve environmental concerns over potential adverse impacts of sales in the environmentally sensitive areas of Southern Florida, Southern California, and Northern California. The National Academy of Sciences will serve in a consultant role to the task force. The revisions approved by the President direct that 1990 leasing activities for two sales (#91 and #116 - south of 26 degrees) be postponed indefinitely and the third sale (#95) be delayed until the task force resolves concerns over environmental effects in these areas. As chairman of the task force, I would like to reiterate my commitment that we will seek to resolve concerns associated with certain OCS sales and apply our findings to the OCS leasing and development program as a whole.

The President and I are committed to continued OCS oil and gas development in an environmentally sound manner. The national benefits of the OCS program are significant. Currently, Federal OCS leases supply one-fourth of all U.S. production of natural gas and about one-eighth of oil. This production is vital to our economic strength in terms of the number of jobs it supports and to our national security needs. it also offsets the amount of costly energy imports which, if increased, would further worsen the balance of trade. In terms of revenue, the OCS program has generated more than $41.2 billion in Federal receipts since 1982. In 1990, OCS receipts are estimated at $3.3 billion.

I am concerned that our dependence on foreign oil is growing. The average imports of crude oil for the four week average ending April 7, 1989, was 5.1 million barrels per day, a 10.4 percent increase from the 4.6 million barrels per day imported during the same period in 1988. Similarly, imports of petroleum products increased by almost 15 percent during the same period. Compounding my concern is that the same four week average showed domestic production to be 7.5 million barrels per day, a 10.2 percent decrease from the 8.3 million barrels per day produced in 1988. Taken together, our dependency on imported petroleum has gone from 35 percent to 40 percent of our total supply in the past year alone.

Arctic National Wildlife Refuge

The 1990 budget for the Fish and Wildlife Service provides $2.5 million, an increase of $0.5 million, for studies to collect baseline data in support of oil and gas leasing proposals in the Arctic National Wildlife Refuge (ANWR). The studies will address the effects of potential development activities on fish and wildlife.

As part of the recent bipartisan budget agreement, $2.1 billion in ANWR revenues are no longer counted as 1990 receipts.

Federal Helium Processing Facilities

The 1990 budget proposes the sale of Federal helium processing facilities administered by the Bureau of Mines as part of the Administration's effort to shift government services to the private sector. When first started decades ago, the Federal helium program was vital because no private-sector industry existed to supply Government defense, aerospace, and science requirements for helium. In the ensuing years, the Government subsequently spent $291.0 million to achieve two goals: (1) conservation of helium to meet Government needs, and (2) promotion of a viable private helium industry. Both goals have now been achieved, and it is time for the Government to decrease its role and allow the private sector to provide helium more efficiently to Federal agencies and other consumers. After considerable review and conversations with the private sector and Federal helium customers, the Bureau has developed a draft privatization implementation plan. Under this plan, a multi-year transition period would be provided for bids for Federal helium customer accounts and the temporary sale of crude helium. A legislative proposal to help accomplish this was sent to Congress on March 22.

National Park Service Operations

The Department's budget proposes to continue to enhance the National Park Service's operating programs. In 1981, the Congress appropriated $475.0 million for park operations. For 1990, the Department is requesting $767.2 million, an increase of $22.4 million over the 1989 enacted amount. It is also an increase of 61 percent since 1981. After adjusting for inflation over the decade, this account will have grown by over 20 percent.

The Park Service's ability to maintain, repair, or construct park facilities will be notably improved in 1990. The Department is requesting almost $285.0 million for operational maintenance, $60.0 million from the Highway Trust Fund for road construction and repair, and $44.1 million for facility construction and repair. Revenues from entrance and user fees, estimated to total $55.5 million, will be returned directly to the parks.

Fish and Wildlife Service Wetlands Initiative

The $342.0 million operating budget of the Fish and Wildlife Service for 1990 contains an initiative to benefit wetlands. The budget proposes appropriations language that would allow $6.8 million proposed for the Fish and Wildlife Service for wetlands conservation activities to be matched in contributions by the National Fish and Wildlife Foundation. The Foundation, which is an excellent example of the successful implementation of public/private partnerships, encourages and administers donations of real or personal property in support of Fish and Wildlife Service programs and related activities.

This initiative should further enhance the Foundation's ability to engender such private and public sector cooperation.

Included within this $6.8 million initiative is an increase of $3.7 million over the $0.2 million appropriated in 1989 for the restoration of prime duck production areas in accordance with the North American Waterfowl Management Plan (NAWMP). Signed by Canada and the United States in 1986, the NAWMP is a 15-year plan to increase the declining numbers of migratory waterfowl and all wetland wildlife populations through joint public and private sector projects that restore and conserve wetland habitat. In 1988, Mexico signed an agreement with the United States and Canada to undertake cooperative studies for protection and management of waterfowl and habitat in Mexico.

Also included within this initiative is $3.1 million in funding for specific provisions of the Food Security Act of 1985 (Farm Bill), an increase of $1.4 million over 1989. Under this law, and working with the Department of Agriculture, the Service has additional opportunities to conserve and restore essential wetland habitat through development of easements and restoration measures on marginally productive agricultural lands. This approach provides a lower-cost alternative to land acquisition in the effort to slow the significant wetlands decline that has occurred nationwide.

Global Change Research Program

Global change refers to the evolution of natural and human induced processes which occur in the earth's systems. Manifestations of global change, including climatic, volcanic, hydrologic, ecological and biological changes, are numerous and complex. For example, ozone-depletion, the "greenhouse" effect, world-wide sea level rise, desertification, the retreat of glaciers and other phenomena influence and may alter the earth's natural systems and affect human welfare. Responding to these possible changes requires a sound scientific understanding as the basis for developing national and international policy on global change issues.

The President's Domestic Policy Council has been preparing a Federal research strategy for global change. The Director of the Geological Survey chairs an interagency Committee on Earth Sciences (CES) of the Federal Coordinating Council for Science, Engineering and Technology (FCCSET) which has been developing an interagency Global Change Research Program. This work has resulted in a Global Change Presidential Initiative which is contained in the 1990 budget. The program is broad in scope, encompassing the full range of possible earth system changes. It addresses both natural phenomena and the effects of human activity. Global warming, an issue that has received much public attention, is an important element of this initiative.

The initiative supports expanded studies of the global environment by seven agencies. Funding for seven agencies in 1990 totals $191.5 million. While the Interior funding of $11.3 million is contained within the Geological Survey budget, other Interior bureaus will also will have a role in addressing the effects of global change on the Nation's natural resources. Total support in the Geological Survey's 1990 budget for focused global-change activities will increase from $4.3 million to $11.3 million and includes $2 million to support LANDSAT data archive activities.

Hazardous Materials

The 1990 budget requests $38.3 million for the management of hazardous waste materials on Interior lands, $13.3 million more than the 1989 appropriation, as shown in the table below.

(In millions of dollars)

Bureau	1989 Enacted	1990	Difference
Bureau of Land Management	$12.4	$12.3	-$0.1
Fish and Wildlife Service	4.8	4.8	- -
National Park Service	4.5	4.0	-0.5
Bureau of Reclamation	0.2	6.5	+6.3
Bureau of Mines	3.0	10.5	+7.5
Bureau of Indian Affairs	0.1	0.2	+0.1
Total	$25.0	$38.3	+$13.3

Corrective action on two sites accounts for $11.9 million of the increase. Funding for the Leadville, Colorado, Mine Drainage Tunnel (Bureau of Reclamation) is increased from $0.2 to $4.6 million. Funding for the Robinson Brick Company (ROBCO) site in Denver, Colorado, (Bureau of Mines) is increased from $3.0 to $10.5 million as a result of increases in the estimated costs of the EPA clean-up effort.

Non-Reclamation Construction

The Department and Congress have invested more than $2.1 billion in construction since 1980, excluding Bureau of Reclamation projects. Given this large investment and the need to reach overall Federal deficit targets, the 1990 request for non-Reclamation construction programs is $156.2 million, $147.1 million less than the 1989 appropriation, but $45.7 million more than the request in the 1989 President's Budget.

The Department is requesting additional construction funds to alleviate potential health and safety problems, but not to start new

visitor or administrative facilities. The following table summarizes the Department's non-Reclamation construction budget.

(In millions of dollars)

	1989 Request	1989 Enacted*	1990	Difference From: Request	Difference From: Enacted
NPS	$15.0	$159.1	$44.1	+$29.1	-$115.0
FWS	7.6	29.8	10.1	+2.5	-19.7
BLM	0.0	4.1	1.0	+1.0	-3.1
BIA**	87.9	110.3	101.0	+13.1	-9.3
Total	$110.5	$303.3	$156.2	+$45.7	-$147.1

* Excludes fire transfers

** For comparison purposes, all years include funds for BIA road maintenance

Bureau of Land Management Recreation Initiative

In 1988 the Bureau of Land Management developed a plan-- *Recreation 2000: A Strategic Plan*-- that presents a revitalized approach to recreation management as one of the principal multiple uses of the public lands. The 1990 budget supports this initiative through an increase of $1.4 million for: (1) visitor use supervision (including on-the-ground visitor contact, permit monitoring, ranger patrols, fee collection. and collection of visitor use data) in high priority areas such as the California Desert Conservation Area; (2) activity plans for eight of the river segments that were recently designated as Wild and Scenic Rivers by Congress; and (3) implementation of off-road vehicle designated areas, including resource protection projects, distribution of maps and brochures, and increased ranger patrols, with emphasis on heavy use areas. The total request for recreation resources management is $12.2 million compared to the 1989 level of $10.8 million.

In 1990 BLM also plans to increase the use of recreation "challenge grants" (cost-sharing agreements) with State and local governments and national and local conservation groups in order to maximize the effectiveness of Federal funds and encourage private sector involvement in implementing the Bureau's recreation programs. Funding for these grants will be increased from $0.2 million in 1989 to over $0.5 million in 1990.

Royalty Management

The Department's continuing commitment to the Minerals Management Service's (MMS) royalty management program has resulted in significant improvements over the last several years in the collection and distribution of royalty and other revenues from

Federal and Indian mineral leases. Regulations have been published which provide more consistent guidance to payors in calculating royalty values, and streamline the process. Ninety-seven percent of royalty revenues are currently being disbursed to the proper recipient by the end of the month following receipt. Payor error rates have been reduced from about 17 percent in 1984 to about 4 percent currently.

Emphasis has also been placed on verifying the adequacy of royalty payments. Since their inception, exception processing efforts and comparisons of sales and production data have generated a total of about $74.0 million in additional revenue. In addition, from 1985 through 1988, the MMS audit program recovered over $304.0 million in collections from previously unpaid or underpaid royalties, interest payments, liquidated damages, and refund denials ($82.9 million of $304.0 million total). A comprehensive strategy for conducting payor audits has recently been implemented which will improve audit coverage of both Federal and Indian mineral revenues and use audit resources more effectively.

The 1990 budget includes an increase of $5.0 million to place payor audits on a more contemporaneous schedule, which will result in faster identification and resolution of royalty payment disputes. Increases totaling $1.0 million are also proposed to complete the conversion of onshore mineral production reporting to an automated system, and for improvements to non-standard Indian lease accounting.

Federal Aid in Wildlife and Sport Fish Restoration

The Federal Aid in Wildlife Restoration program is funded from excise tax receipts on hunting equipment. Similarly, the Sport Fish Restoration Program is funded from receipts from taxes on fishing equipment, and certain boats and fuels. Both programs provide grants to the States and Territories for projects to restore, enhance, and manage wildlife and sport fishery resources.

Prior to President Bush taking office, the 1990 budget had capped the Sport Fish and Wildlife Restoration programs at $100 million each. However, early in March, the funding caps on these programs were removed from the budget request in keeping with the President's position that these funds should be used for the purposes for which they were intended.

Firefighting

The Department's 1990 budget includes a new proposal - which requires legislation - for funding the costs of fighting fires on Federal lands. Under the proposal, a permanent, indefinite appropriation would be established to provide a source of funds for the fire programs of the Bureau of Land Management, the Fish and

Wildlife Service, the National Park Service, and the Bureau of Indian Affairs.

The proposed permanent, indefinite account appears in the budget of the Bureau of Land Management (BLM), but funds would be allocated from this account to the operating accounts of the four land managing bureaus to conduct their fire management, presuppression, suppression, and emergency rehabilitation programs. The estimated cost in 1990 is $166.5 million, as follows:

	(In millions of dollars)
Bureau of Land Management	$99.5
Fish and Wildlife Service	14.0
National Park Service	21.8
Bureau of Indian Affairs	31.2
TOTAL	$166.5

Under an indefinite account, the bureaus will be able to spend the levels of funding that are necessary to conduct their programs. A similar permanent appropriation in the Department of Agriculture's 1990 budget would fund U.S. Forest Service fire programs.

Consistent with the concept that Federal lands should pay for their own fire protection, the proposal also provides that an amount equal to the total estimated Federal cost of fighting fires in a given year would be deducted from Federal timber and mineral receipts, before the receipts are deposited in the Treasury General Fund or shared with States and localities.

In 1990 the Department is also requesting $145.0 million to repay expected 1989 costs of fighting fires. If the proposal described above is adopted in 1990, it will no longer be necessary in subsequent years to request funds for budget year fire costs or to repay funds transferred in order to cover current year firefighting costs. (The 1989 Appropriations Act included a total of $107.8 million for repayment of 1988 emergency fire transfers.)

The December 1988 report of the joint Interior-Agriculture Fire Management Policy Review Team identified a number of issues related to fire program budgeting and made several related recommendations. The Administration's 1990 fire proposal is consistent with the findings and recommendations in that report. The proposed program provides a funding approach that will: allow each bureau increased flexibility to implement effective and efficient fire programs; remove the reliance on emergency transfers; and place the burden of firefighting costs on the resources that benefit.

CONCLUSION

I appreciate the opportunity to appear before the Committee and to work with you in the days and months ahead in providing the resources needed to sustain the Department in carrying forth its broad mandate. I would be pleased to try to answer any questions the Committee may have.

BIOGRAPHY OF MANUEL LUJAN, JR.

On February 3, 1989, Congressman Manuel Lujan, Jr. was sworn in as the 46th Secretary of the Interior.

First elected to Congress in 1968, Mr. Lujan represented the First District of New Mexico for 10 terms. He served on the House Interior and Insular Affairs Committee from 1969 until his retirement in January 1989, including a four-year term from 1981 to 1985 as the Committee's Ranking Republican Member. He also served on the Joint Committee on Atomic Energy from 1969 to 1977, and on the House Committee on Science, Space, and Technology from 1977 until his retirement, where he was that Committee's Ranking Republican Member since 1985.

Mr. Lujan's major interests during his legislative career included natural resources and space policy, energy and scientific research, education and fiscal responsibility in government.

Mr. Lujan was born in San Ildefonso, New Mexico, on May 12, 1928. He was raised in Santa Fe where his father, Manuel Lujan Sr., served three terms as Mayor. Mr. Lujan received a B.A. from the College of Santa Fe and worked in the insurance business prior to his election to Congress.

Mr. Lujan and his wife, the former Jean Couchman, have four children: Terra, Jay, Barbara, and Jeff.

INTRODUCTION OF ASSOCIATE

Mr. LUJAN. Thank you. First of all, I'd like to introduce Tony Itteilag. Tony is the Director of Budget for the Department, with whom I am sure you are familiar. He has been here many times before.

Mr. Chairman, while necessarily there are differences of opinions among individuals, I look very much forward to working with you all to achieve a consensus that I think will be best for our Nation.

FISCAL YEAR 1990 BUDGET REQUEST

As you suggest, I will summarize my statement, Mr. Chairman. The 1990 request for programs under the jurisdiction of this subcommittee is $4.5 billion, which is a reduction of $78.2 million from the 1989 enacted level of $4.6 billion. Although specific details are

not available, we support the April 14 bipartisan budget agreement between the President and the joint leadership of the Congress, and will be happy to give our overall support to an appropriations bill consistent with that agreement.

The budget for the Interior Department was developed by former President Reagan, as you know, and has been revised by President Bush. Revisions proposed by President Bush will provide additional funding for new Federal land acquisition by three Interior Bureaus: The National Park Service, Fish and Wildlife Service, and the Bureau of Land Management, as well as the Forest Service, and it will remove funding caps for the Federal aid in wildlife and sport fish restoration programs of the Fish and Wildlife Service.

In addition, while the Bush administration will proceed with prudent, environmentally sound OCS leasing and development, the President has directed changes in the 1990 leasing schedule for three sales in the eastern Gulf of Mexico, southern California, and northern California.

Other priority initiatives are strengthening drug enforcement and eradication efforts on public lands, for which the budget includes a substantial increase of $17.3 million over 1989, in promoting joint public and private sector efforts to conserve the national wetlands.

Priorities in the 1990 budget include enhancing national park operations, developing a more complete understanding of global climate change, supporting self-determination for tribes and native Americans, providing for the sale of Federal helium processing facilities, and increasing efforts to correct hazardous waste problems.

PRINCE WILLIAM SOUND OILSPILL

Before I conclude, I want to say a few words about the Prince William Sound oilspill. I notice that Senator Stevens is here, and we visited Alaska together. That was about 2 weeks ago. My feelings are that certainly we want the adverse effects of this tragic oilspill to be reversed as quickly as possible and for this to be a learning experience for each of us. The oil and gas industry, the Federal Government, and State and local governments must take all practical steps to help ensure that tragedies of this magnitude do not happen again.

The cleanup is going to require significant resources and a lot of good judgment calls.

In summary, I am pleased to appear before you today as Secretary of the Interior and I look forward to working with you in that capacity, Mr. Chairman.

FIREFIGHTING COSTS

Chairman BYRD. Thank you, Mr. Secretary.

Fiscal year 1988 was the most expensive year on record in terms of Federal firefighting costs on public lands. Total costs for Department of the Interior agencies are now estimated at $265.8 million for last year's fires. The Forest Service has incurred an additional $431 million, for total costs of nearly $697 million for 1 year. These are extraordinary costs from an extraordinary fire year, a disastrously expensive fire year.

This total of $697 million is nearly double the amount expended in fiscal year 1987, which until last year held the record for the greatest fire-related expenses. Clearly there is no way that the Congress or the administration could have forecast a fire year of this magnitude when the budget estimates for the current year were prepared.

So your fiscal year 1989 budget does not include anywhere near the amount of funds necessary to reimburse the accounts from which emergency firefighting costs were transferred.

As an aside, I note that these fiscal year 1988 fire costs are equivalent to 7 percent of the entire Interior and Related Agencies appropriation bill. So outright absorption of the costs is not practical.

Mr. Secretary, the House of Representatives has passed its dire emergency supplemental appropriation bill. It is my understanding that subsequent to the House Appropriation Committee's consideration of the bill 2 weeks ago, the Department identified an additional $53 million in fiscal year 1988 firefighting costs which would have to be deducted from other Interior accounts using the section 102 emergency transfer authority.

Is that correct?

Secretary LUJAN. That is correct.

FISCAL YEAR 1989 TRANSFERS FOR FIRE COSTS

Chairman BYRD. What are the principal components of this $53 million and from which areas would the funds be deducted?

Secretary LUJAN. What we have done in the past—well, here I've got those exact figures now—the National Park Service, $10 million has already been transferred. At BLM, we will transfer another $35 million, and we have a reimbursement for the Department of Defense at $7 or $8 million which we are looking at. That's where those additional $52 million or $53 million would come from, Senator.

Chairman BYRD. When the $91 million and previously identified unreimbursed emergency costs are considered along with the new $53 million, how much would be transferred from which accounts?

Secretary LUJAN. Well, we'll have to add them to these figures.

Chairman BYRD. Could you give us the total at the moment?

Mr. ITTEILAG. We can provide those figures for you now or we can put them in the record.

Chairman BYRD. All right. If you would provide them now.

Mr. ITTEILAG. We can do it now then. For the money that's been transferred already, in other words that was transferred prior to the end of fiscal year 1988, there was $3.5 million from Bureau of Land Management land acquisition and $500,000 from Bureau of Land Management construction.

Then there was $31 million from Fish and Wildlife Service land acquisition; and $28.3 million from Fish and Wildlife Service construction.

Then from the Park Service, $33.6 million from land acquisition, and $69.3 million from construction.

And, finally, from the Bureau of Indian Affairs, $28.1 million. That takes care of the 1988 amount.

Then with respect to the $10 million that the Secretary mentioned, that was entirely related to Yellowstone and was transferred from construction in the Park Service.

Then with respect to the $35 million that was mentioned, we propose to take that on a pro rata basis from the same appropriations that I already mentioned in proportion to their available balances, and that would come as follows: BLM construction, nearly $700,000; BLM land acquisition, about $500,000; Fish and Wildlife Service construction, $3.3 million; Fish and Wildlife Service land acquisition, $3.2 million; Park Service construction $14.1 million; Park Service land acquisition, $5.2 million; and Bureau of Indian Affairs construction, $8 million.

That would leave the DoD amount that we have yet to pay, and we haven't firmly established that number but we believe it's going to be $7 to $8 million, and it would be taken in proportion from those same accounts as the $35 million.

TRANSFERS' EFFECT ON CONGRESSIONAL ADD-ONS

Chairman BYRD. Am I correct in understanding that emergency funds have been transferred only from those projects that were added to your budget by the Congress?

Mr. ITTEILAG. No, Senator; that is not correct.

Chairman BYRD. What is correct?

Mr. ITTEILAG. What is correct is that basically we're taking the money in proportion to the unobligated balances that were available, irrespective of whether they are projects that were in the budget in the first place or they were projects that were added on by the Congress.

Now, the result of the procedure that we're going through is such that it would be correct to say that a significant amount of the money will in fact come from projects added on by the Congress, but we're not doing that as a matter of policy.

In other words, there is no hit list. There is no desire to single out projects added by the Congress. It just so happens that, first, these are the only accounts we can take the money from because of the way the transfer authority is written in the law; and, second, that there are in those accounts significant amounts that result from congressional add-ons.

Chairman BYRD. Could you tell us how much comes from amounts that were added to the Congress?

Mr. ITTEILAG. I can't, Senator, at this point. We just don't have the figures done that way. We could attempt, for purposes of providing some information for the record, to detail it at this point.

Senator MCCLURE. Mr. Chairman, could I request that they provide that for the record, a percentage breakout when that information is available?

Chairman BYRD. You will supply that for the record?

Mr. ITTEILAG. Yes; we will, Mr. Chairman. We will be happy to do that.

[The information follows:]

Projects Affected by Emergency Transfers

The major effect of the emergency transfers is on projects in those accounts which have not yet been fully repaid for the funds transferred out of those accounts to cover fires and other emergency costs. During FY1988 $196.3 million was transferred from unobligated funds in the Department's land acquisition and construction accounts to cover emergencies, most of which were fires. Another $3.2 million in unrepaid emergency transfers carried over from FY1987. Of this total of $199.5 million, $107.8 million was repaid to the construction and land acquisition accounts in October 1988 in the FY1989 Appropriations Act for Interior and Related Agencies. Thus, there is a balance of $91.7 million of the funds transferred not yet repaid.

Of this $91.7 million in land acquisition and construction projects affected by the transfer, a total of $73 million, or 80 percent, were projects which were added to the Department's budget by the Congress. The following lists identify the total projects affected by the emergency transfers and those which were added by Congress.

SUMMARY OF INTERIOR DEPARTMENT CONSTRUCTION AND LAND ACQUISITION PROJECTS AFFECTED BY EMERGENCY TRANSFERS

BUREAU/ACCOUNT	($ thousands)
BLM Construction	223
Add-ons	223
BLM Land Acquisition	1,738
Add-ons	1,738
FWS Construction	12,604
Add-ons	8,597
FWS Land Acquisition	15,530
Add-ons	14,930
NPS Construction	30,864
Add-ons	27,635
NPS Land Acquisition	16,464
Add-ons	13,801
BIA Construction	14,232
Add-ons	6,300
Total Projects affected by emergency transfers	**91,655**
Add-ons by Congress	**73,224**
Add-ons as Percent of Total	**80%**

BLM CONSTRUCTION PROJECTS AFFECTED BY EMERGENCY TRANSFERS

Project	($ thousands)
*Colorado River Boat Ramps, AZ	123
*Quail Hill Road, AZ	100
Total	223
Total Add-ons by Congress	223
Add-ons as a Percent of the Total	100%

BLM LAND ACQUISITION PROJECTS AFFECTED BY EMERGENCY TRANSFERS

Project	($ thousands)
*King Range, CA	352
*Upper Missouri WSR, MT	300
*Warner Basin Potholes, OR	900
*Rio Grande WSR, NM	15
*Gila Lower Box, NM	50
*Red Rocks, NV	25
*Desert Tortoise Nat. Area, CA	96
Total	1,738
Total Add-ons by Congress	1,738
Add-ons as a percent of the Total	100%

FWS CONSTRUCTION PROJECTS AFFECTED BY EMERGENCY TRANSFERS

Project	($ thousands)
Nisqually NFH, WA	
*Hatchery Construction	6,000
Buffalo Lake, NWR, TX	
Umbarger Dam	60
Bogue Chitto NWR, LA	
*Visitor Center	430
Eastern Shore, VA	
*Office/Visitor Center	386
Montezuma NWR, NY	
*Replace Water Control Structure	300
Bowden NFH, WVA	
*Ponds rehabilitation	180
Bogue Chitto NWR, LA	
*Visitor Center	1,176
Patuxent WRC, MD	
Asbestos Abatement	1,250
National Forensics Lab, OR	
*Laboratory Construction	100

Buffalo Lake NWR, ND	
Dam #357, Spillway Reconstruction	700
J. Clark Salyer NWR, ND	
Dam #357 Spillway Reconstruction	690
North Attleboro, NFH, MA	
Greenwood Lake Dam	850
Wichita Mountains NWR, OK	
Lost Lake Dam	104
Carolina Sandhills NWR, SC	
Lake 16 Dam	53
Wellsboro NFRL, PA	
*Water supply/Degassing	25
Lake Ilo NWR, ND	
Lake Ilo Dam	300
Total	12,604
Total Add-ons by Congress	8,597
Add-ons as a percent of the Total	68%

FWS LAND ACQUISITION PROJECTS AFFECTED BY EMERGENCY TRANSFERS

Project	($ thousands)
*Hawaiian Forest Birds, HI	4,700
Moapa Dace, NV	600
*Bayou Sauvage, LA	7,750
*Tortuguero, PR	2,000
*Karl Mundt, SD	270
*Red Rocks Lakes, MT	210
Total	15,530
Total Add-ons by Congress	14,930
Add-ons as a percent of the Total	96%

NPS CONSTRUCTION PROJECTS AFFECTED BY EMERGENCY TRANSFERS

Project	($ thousands)
American Industrial Heritage Project	
*Allegheny Portage Railroad NHS	
Horseshoe Curve	2,900
Boston NHP	
*Rehabilitate Faneuil Hall	3,000
*Rehabilitate Faneuil Hall Phase II	5,556
Boston NHP	
*Rehabilitate Old State House	5,280
Glen Canyon NRA and Capitol Reef NP	
*Burr Scenic Trail	7,705

Chamizal NMem	
*Addition to Visitor Center	1,500
Fort Sumter NM	
Dock and Visitor Facilities (Portion)	3,229
Lowell Historic Preservation Commission	
*Continuation of Developments Exhibits, and Grants	1,450
Yosemite NP	
*Rehabilitate Electrical System; Demolish Penstock and Weir	244
Total	30,864
Total Add-ons by Congress	27,635
Add-ons as a percent of the total	90%

NPS LAND ACQUISITION PROJECTS AFFECTED BY EMERGENCY TRANSFERS

Project	($ thousands)
*Acadia NP	1,100
Alaska (Exchange)	300
C & O Canal NHP, Maryland	280
Cape Lookout NS, North Carolina	100
Chaco Culture NHP, New Mexico	200
*Channel Islands NP, California	3,500
*Cuyahoga Valley NRA, Ohio	881
*Delaware Water Gap NRA, Pennsylvania	1,500
*Ebey's Landing NHRes, Washington	400
Harpers Ferry NHP, West Virginia	100
*Indiana Dunes NL, Indiana	500
John Day Fossil Beds NM, Ore	75
*Lowell NHP, Massachusetts	750
Martin Luther King, Jr. NHS, Georgia	200
**Monocacy NB, MD	3,000
*North Cascades NP, Washington	770
*Obed W&SR, Tennessee	500
Petersburg NB, Virginia	100
Point Reyes NS, California	1,108
Rocky Mountain NP, Colorado	200
*Salinas, NM, New Mexico	200
**Saratoga NHP, New York	275
*Upper Delaware S&RR, New York, Penn.	325
*Wind Cave NP, South Dakota	100
Total	16,464
Total Add-ons by Congress	13,801
Add-ons as a percent of the total	84%

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BIA CONSTRUCTION PROJECTS AFFECTED BY EMERGENCY TRANSFERS

Project	($thousands)
Dam Safety - Conceptual Designs:	1,790
McDonald, MT	
Lower Dry Fork, MT	
Rosebud, SD	
Round Creek, AZ	
Crow Creek, SD	
Equalizer, ID	
Oglala, SD	
Standing Rock, SD	
Tufa Stone, AZ	
Pablo, MT	
He Dog, SD	
Upper Dry Fork, MT	
Acomita, NM	
Dam Safety - Final Designs	1,960
Ganado, AZ	
Black Rock, NM	
Dulce, NM	
Weber, NV	
Many Farms, AZ	
Black Lake, MT	
Dam Safety - Misc., including 1987 carryover	1,982
***Juvenile detention centers**	6,200
Navajo Roof Replacement	2,300
Total	**14,232**
Total Add-ons by Congress	6,200
Add-ons as a percent of the Total	44%

*Add-ons by Congress
**Portions of these amounts were add-ons

SUPPLEMENTAL REQUEST FOR REIMBURSEMENT

Chairman BYRD. Has the Office of Management and Budget precluded you from requesting supplemental funds to reimburse the various projects from which emergency funds were transferred?

Secretary LUJAN. The House included the funds, that's correct. OMB did not go forward with it. That's correct, Mr. Chairman. They didn't want to add the additional money there.

Chairman BYRD. OMB did not?

Secretary LUJAN. No; just because of budget constraints. Those were operation and construction funds, rather acquisition and construction funds, they were not really emergency funds that had to be funded.

Chairman BYRD. Well, don't you think that the OMB should request supplemental funds to reimburse the various projects from

which the emergency funds were transferred? Otherwise, in connection with these congressional add-ons, this constitutes a line item veto. That's exactly what it does.

I am not in favor of giving OMB the de facto line item veto. So I will certainly work to restore these funds and remove these projects from OMB's clutches. This money has to come forward. These are emergencies. But we have had testimony heretofore before the committee that leads some of us at least to understand that the congressional add-ons were the targets, and we're not going to take this lying down.

Congressional add-ons are there. We are not going to sit still and let a de facto line item veto be exercised over them. Now, I'm not criticizing you for that, but for the record I want to say that.

FISCAL YEAR 1990 LEGISLATIVE PROPOSAL FOR FIREFIGHTING COSTS

Secretary LUJAN. You know, we have a legislative proposal. You might look at it. I don't know if you're in favor of it personally or not. But it certainly makes some sense that we look forward to how we're going to fund them, rather than doing it this way. I think there would be less chance of misunderstanding.

Chairman BYRD. It is my understanding that you argued against this proposal in your discussions with the Office of Management and Budget.

Secretary LUJAN. That's taking the money from the States. I didn't argue against the proposal of coming up with some method of funding these amounts, although you point out, the amount that we're asking for, $165 million, last year wouldn't have done us any good when we spent more money.

Chairman BYRD. Senator McClure, why don't you proceed?

LAND ACQUISITION AND CONSTRUCTION ACCOUNTS AFFECTED BY FIRE COSTS

Senator MCCLURE. I thank you, Mr. Chairman. It is the right time for me to chime in, too, because even though you may not have had a hit list of the congressional add-ons, the practice of taking the uncommitted and unobligated balances will, of its nature, not only select out disproportionately the congressional add-ons; it will also be a temptation to the administration not to spend the money for the congressional add-ons, so that if there is an emergency there will be money there that doesn't interfere with the administration's priority and that interferes only with congressional priorities.

Secretary LUJAN. Your logic is correct in that we take money from acquisition and construction, and that's mostly what the add-ons are.

Senator MCCLURE. That's correct. As well as the land acquisition and construction accounts that are added by the Congress could very easily be left to the end of the year in order to provide these funds, and that I would say is not acceptable to the Congress. I think you would understand that.

I appreciate your awareness of that and appreciate, too, that you argued against trying to take the money away from the States.

Secretary LUJAN. But now I'm all for it, you understand. [Laughter.]

Senator MCCLURE. I understand, and I'm not so ambivalent.

Chairman BYRD. You're all for what? You said two things.

Secretary LUJAN. For taking it away from the States now because that's the policy of the administration.

Senator STEVENS. If you gentlemen would yield just a minute, we faced that problem once before. I can show you how you can prevent it. It's a simple little matter of preventing the reprogramming of any item in excess of, as far as a congressional item, in excess of the basic items in the budget. We had to do that once before.

PREFUNDING FIREFIGHTING

Senator MCCLURE. I think I understand how we get into this question of prefunding the firefighting. I also understand, I think you've been around long enough, too, that you understand how we got away from that. We decided we could never guess adequately in advance. The amount of money was either far too great or far too little, depending upon the season and the amount that was appropriated.

So we adopted the practice of just not even trying, and then we would pass in the supplemental the amount of money that we actually found to be expended for firefighting. That works unless you're concerned about supplementals adding to deficits.

And as we went into the question, then, of worrying about supplementals adding to deficits, we are now trying to go back where we were before. Frankly, I think the supplemental for firefighting is such a unique circumstance that it shouldn't be covered by the general rule. I think the practice we have been following has been much the better one: Don't even attempt to guess what that amount is going to be; pay the bills as they come due and then pass the supplemental for the dollar amounts we found to have been expended.

That's not going to change the Federal deficit very much. I recognize the sensitivity of supplementals, but I really think that is a superior way of doing if we can get past this notion that all supplementals, by general nature, are bad and therefore we should never have a supplemental.

Secretary LUJAN. Of course, you know the practice, as we all know, that you will add those figures and do whatever you want, regardless of what we propose to do.

Senator MCCLURE. If we had had $150 million or $160 million or $170 million last year, we would still be faced with a supplemental right now.

Secretary LUJAN. We sure would. No question about that.

Senator MCCLURE. I do want to express a great deal of concern about the way in which we find the money to pay these emergency costs, because I think that distorts the budgetary priorities and practices of the Department in an extreme manner. You really have to scratch to find money to transfer.

Secretary LUJAN. The other is kind of like what they talk about, the marching army. You know, you've got to have those moneys on the 1st and the 15th of the month, with the exception of the con-

struction and land acquisition funds. I don't know what other funds would be available.

We would be glad to work with you on those to identify the kinds of money that we could use, but just right off the top of my head, I don't know what other funds we could use.

REIMBURSEMENT OF TRANSFERS

Senator MCCLURE. Mr. Chairman, let me switch gears for a moment. Before departing from that subject, let me just express my appreciation for your willingness to work with us as we seek to find an answer to the problem.

I don't think there is any very real problem in borrowing the money from other funds if they are replaced within the same fiscal year, but there is a great difficulty in borrowing from other accounts if the money is not replaced within the fiscal year. That's the real problem.

If we are getting an advance appropriation in order to avoid borrowing, then your advance appropriation has to be adequate. And if it's adequate, we are going to have unused moneys lying in a fund year after year for the exceptional year, or we are going to be looking at a supplemental, as we will this year, based upon what we experienced last year.

Mr. ITTEILAG. Senator, could I comment with respect to that?

Senator MCCLURE. Surely.

Mr. ITTEILAG. One aspect of the proposal in 1990 is that the appropriation be indefinite, which means that we would be able to adjust it in accordance with the amount of money that we spend, so we would not have to come back for a supplemental. It would be an indefinite appropriation.

Senator MCCLURE. But the money would still come from somewhere.

Mr. ITTEILAG. Yes, sir; there is no question about that.

Senator MCCLURE. And as long as we're borrowing money with a Federal deficit, you either increase the deficit or you take away from other funds. I don't think Congress is going to give the administration the authority to shop throughout the length and breadth of the budget just to find out which things they wish to take the money from in order to fund good firefighting.

Secretary LUJAN. We'd do it right, I'll tell you that.

Senator MCCLURE. Oh, I'm sure you would. And if I were a dictator, I'd do it right, too. I've urged that on my constituents from time to time, but they have always rejected it.

DOI/API JOINT RESEARCH ON OILSPILL

There have been several press reports on a joint $6 million 3-year research program with the petroleum industry with respect to the oilspill. It is my understanding that this research program is designed to develop better recovery and cleanup equipment and methods for large oilspills.

Half of the funding for the program is proposed to come from the industry and the other half from the Department of the Interior. Can you elaborate on this research program?

Secretary LUJAN. Well, yes. One of the things that I guess we were all concerned about is that when we look at a spill like this, the equipment really isn't up to taking care of it. When you have a spill of 250,000 barrels or 240,000 barrels of oil, and you have skimmers that will pick up 200 to 400 to 500 barrels an hour, you are a long way from being able to contain a spill like that. So we were looking at that.

There are also advanced ways of using the booms. We could do a little research there. Now, that's what brought it about. The equipment that we have is just not really adequate. There's not a lot of money; $6 million is not a lot of money for research. Somebody said you can spend that much on paperwork. Horrors, you think, if you are going to spend $1 million on paperwork.

So we went to the API, the American Petroleum Institute, and asked them to join us. And they said they would match an equal amount. So it's just to try to leverage the money, and we'll work with other agencies and even with other governments.

Senator MCCLURE. How soon will you start that effort?

Secretary LUJAN. We are trying to do it this year.

Senator MCCLURE. Can you find the money now?

Secretary LUJAN. We've got about $380,000 for that. We are 5 months out of the—well, more than that—more than half of the year is gone, so we really don't have to come up with $1 million this year, probably a little less than $500,000.

Senator MCCLURE. Is it your intention to request the funds as part of your fiscal year 1991 budget submission?

Secretary LUJAN. Yes.

ADEQUACY OF EQUIPMENT USED TO CLEAN THE ALASKA OILSPILL

Senator MCCLURE. You have been quoted as describing some of the containment equipment in Alaska as tinker toys, which wouldn't have contained the spill even if they had been deployed rapidly.

Is that an accurate statement?

Secretary LUJAN. One says things in the heat of the argument; and to call them tinker toys may not be quite accurate, but they are inadequate.

Senator MCCLURE. Does equipment exist that would have contained the spill?

Secretary LUJAN. Well, to a greater extent. The Russian ship that can siphon a lot of oil an hour, but even with that, once the oil got hard, it's still a very difficult situation. I was just talking to staff in Alaska, and they said that they've picked up only 2,100 barrels total.

Senator MCCLURE. Mr. Chairman, I have a number of other questions but I notice we have a vote on, and I will submit the balance of my questions for a response in writing.

Chairman BYRD. Thank you very much, Senator McClure.

Senator Reid.

Senator REID. It is good to see you here, Mr. Secretary.

Secretary LUJAN. It's good to be here, Senator.

WETLANDS MAINTENANCE

Senator REID. In the United States, we have lost over 55 percent of our wetlands since we became a country. Without going into the detail which you know better than I do, what specific steps will the Interior Department take to implement the policy of no net loss wetlands?

Secretary LUJAN. Of course, you know that is presidential policy, and we take it very, very seriously. We will buy some. We will look at cleaning up some. There is one instance that is rather controversial. When the Farmers Home Administration forecloses, we look at it for wetlands potential before turning it back and selling it.

We're just looking at all kinds of ways.

STILLWATER NATIONAL WILDLIFE REFUGE

Senator REID. I'd like to direct your attention, and I know you have a lot of things to look at, but we've been working for several years now with the Stillwater area out in Nevada, which is part of the North American fly-away, and it's about dry. It's gone from 50,000 acres to less than 3,000 acre-feet.

We provided $1.2 million last year to buy fresh water for that and we are going to seek additional moneys this year to save that area. It's not only important to Nevada but the entire North American Continent. And we would ask you to pay special attention to that.

MULTIPLE USE AND SUSTAINED YIELD FOR PUBLIC LANDS

Secretary LUJAN. I will. I've got a note of that.

Senator REID. I've got a series of questions. I would ask just one last thing. I know the time is slipping away quickly, Mr. Chairman.

Within the Federal Land Policy Management Act, FLPMA as we've learned to call it, there is a concept of multiple use and sustained yield. The Bureau of Land Management is responsible for many resource uses, especially in the State of Nevada which is 87 percent Federal lands.

On occasion, you've said that the BLM is a land of grass and cows. Do you support the concept of multiple use and sustained yield for the public lands?

Secretary LUJAN. Of course I do. And that comment was made when I was sitting around with some journalists, and I said at one time we all looked at BLM land as just for grass and grazing. What I was trying to say at that time, but it was not reported that way, is that times are different today and that we look at all kinds of multiple uses on BLM land.

I wasn't limiting it; I was expanding it as a matter of fact.

STRENGTHENING BLM'S CAPABILITY TO MANAGE PUBLIC LANDS

Senator REID. Mr. Secretary, we have, as I indicated, a large Federal presence in the State of Nevada. The Bureau of Land Management controls a lot of land in the State of Nevada, and I have felt and I think there's a general concept, that the Bureau of Land Management has always been kind of the last person to get any attention, the last agency to get any attention.

Because of that, we think that much of their responsibility is, they have been unable to carry out, simply because of a lack of manpower. I do have a series of questions which you need not respond to now, but if you would do so in writing, how the Agency intends to approach the need to strengthen the bureau's capability to bring about a more rapid change in the health of the public lands. Does the BLM have an important role, in your opinion, in recreation management? Do you see the BLM having an important role in wildlife management?

I have a long series of questions, and I would ask your office, when you have time to respond to these, not only give them to the committee, but to my office.

Thank you very much.

Chairman BYRD. Senator Stevens, you have voted, haven't you?

Senator STEVENS. Yes, sir.

Chairman BYRD. Senator Stevens, you proceed with your questions and the rest of us, I guess, had better go vote.

OILSPILL IN PRINCE WILLIAM SOUND

Senator STEVENS. Mr. Chairman, I'll submit most of my questions. If you've got just a second, I have these charts here. I know there's going to be a series of votes up there now, if you have just a second.

Chairman BYRD. All right.

Senator STEVENS. This is the Secretary's map. I didn't know that he had brought it with him, but I mentioned earlier that this was down to the Chignik Lagoon now.

Mr. Secretary, you just reported, too, that the Russian skimmer has moved over there, two dredgers, one dredger, one supertanker. But the real problem is that I've just been told that current now is running four to five times the speed it was up here, and it's just racing for Sanak Point down here, coming around King Cove and coming up into this, which is Unimak Pass. That's the Great Bristol Bay Sound.

BOUNTY SYSTEM AS INCENTIVE FOR OIL RETRIEVAL

I've just got one question to ask you. You're an old friend, and we've discussed it privately, but are you prepared to think about recommending a bounty system? I mean it costs so much now to get that oil, it's moving so fast. It took 2 days to move, I understand, the Russian skimmer. And in the time it moved, that oil was another 2 or 3 miles ahead of it.

I think we've got to put on some system that will enable people to hire spotters and get small boats out there and start picking up in small amounts. I think it has to have a bounty system to in effect tell fishermen, go fish for oil.

Secretary LUJAN. I was impressed with that system. Some fellows with some flour scoops and buckets sold it to Exxon for $5 a gallon. Maybe it needs to be more.

Senator STEVENS. It needs to be a lot more.

Mr. Chairman, we figure there are still a million gallons of oil coming down this way, and we've got to find some way to stop it.

Secretary LUJAN. You might talk to the Coast Guard about that. I will, too. I'll do all of those things.

Senator STEVENS. I think we need your help.

Secretary LUJAN. OK.

Senator STEVENS. Thank you, Mr. Chairman.

Chairman BYRD. Thank you, Senator Stevens.

Does any other Senator have questions?

Senator STEVENS. I will submit my questions.

COMPLETION OF NATCHEZ TRACE PARKWAY

Senator COCHRAN. Mr. Chairman, I just want to put in a plug for the Natchez Trace Parkway completion and the new Natchez Historical Park.

Mr. Secretary, it is a pleasure to welcome you to the committee. I know you are going to look into this and try to help us make that a park a reality. And we need that parkway in a very expeditious manner.

Thank you very much.

Chairman BYRD. And see if you can't run it through West Virginia. [Laughter.]

Well, you are saved by the bell. Thank you, Mr. Secretary.

ADDITIONAL COMMITTEE QUESTIONS

There will be additional questions from various Senators which we will submit to you for your response.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Firefighting

The FY 1990 budget proposes to establish new firefighting appropriation accounts in the Forest Service (which is part of the Department of Agriculture) and the Bureau of Land Management. These accounts would be funded in part through direct appropriations from the General Fund of the Treasury and, under the Administration's proposal, from receipts that would otherwise be distributed to states as a result of federal mineral and timber leases.

Mr. Secretary, I understand that you are well aware of the opposition to this proposal. The proposal would reduce the overall mineral receipt totals, for example, by $166.5 million and subsequently the amount distributed to the states by some $70.5 million.

It is my understanding that you argued against this proposal in your discussions with the Office of Management and Budget.

I gather that you were not successful with the Office of Management and Budget. Don't worry, you have plenty of company in that regard.

Question: Mr. Secretary, what was <u>your</u> proposal to OMB for the financing of firefighting expenses in FY 1990 and beyond?

Answer: I discussed with OMB the firefighting proposal contained in the Reagan Administration's 1990 budget proposal. I told OMB that I fully supported the intent of the proposal - to assure that adequate funding existed to fight fires effectively, efficiently, and safely, and with minimal effect on other ongoing programs. I am particularly supportive of the $166.5 million permanent indefinite appropriation for "up-front" funding for theses costs, but I also expressed my deep concern that the method for helping to reduce the cost to the Federal Treasury - reducing the payments to states and localities from timber and mineral receipts - could be a hardship for communities dependent on such income.

When I looked at the funding levels proposed for Interior programs, I discovered there were no other sources of additional revenue that could be found without cutting deeply into existing operations. In the end, I felt it was better for the Congress to consider the proposal and its benefits and to review the requirements within the context of the Bipartisan Budget Agreement that has been negotiated between the President and the Congress.

[Senator Byrd]: Well, all of the choices are difficult ones. If we use receipts to partially offset firefighting costs, that procedure may be unfair to some Members. If we cover firefighting costs entirely from the General Fund, that approach may preclude the funding of many important projects or activities in the Bill. So it seems that the heat from the fires has not died yet.

Alaska Oil Spill

Question: While we are on the subject of disasters, I would like to turn now to a discussion of the current situation in Prince William Sound, Alaska.

Mr. Secretary, you recently returned from a trip to Alaska where you personally inspected cleanup efforts.

Would you briefly summarize the Department's authorities and responsibilities for dealing with the spill and identify the specific responses which the Department has undertaken since the oil spill by the Exxon Valdez on March 24th of this year?

Answer: The Department has four areas of responsibility in dealing with spills of oil, or releases of hazardous substances (including those from hazardous waste sites). Two kinds of responsibilities entail response (including cleanup) activities, and two are associated with our role as a trustee for natural resources. The authorities for these activities are the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), as amended by the Superfund Amendments and Reauthorization Act (SARA); and the Clean Water Act (amendments to the Federal Water Pollution Control Act) Section 311. Executive Order 12580 names the members of, and delegates certain responsibilities to, the National Response Team of which Interior is a member. The major rule covering response activities (1 and 2, below) is the National Contingency Plan.

Response

(1) The Department provides response assistance along with other Federal agencies at spill incidents or hazardous waste sites, in support of the Coast Guard or the Environmental Protection Agency, as members of the National Response Team and Regional Response Teams, in the manner described in the National Contingency Plan and in Regional Contingency Plans. The Department's focus in these activities is based on the full range of Interior's jurisdiction and expertise.

(2) The Department responds to spill incidents or uncontrolled hazardous waste sites on its own lands, in compliance with Superfund provisions for Federal facilities.

Trustee for Natural Resources

(3) The Department is authorized to seek compensation for injury to natural resources under its trusteeship which may have been injured by releases of hazardous substances. Federal trust responsibilities are narrowly drawn to encompass only those natural resources managed or protected by the Federal government under specific authorization. Trustee activities may include participating in negotiations with Potentially Responsible Parties (PRPs) along with any other natural resource trustee agencies, EPA or Coast Guard, and the Department of Justice, to agree upon either compensation for injured natural resources, or measures to be taken for the restoration or rehabilitation of injured resources.

(4) The Department is responsible for developing regulations which may be used by Federal or State natural resource trustees in assessing damages where injury to natural resources has resulted from the release of oil or hazardous substances. Use of these regulations is not required, but trustee claims based on these regulations have the force and effect of a "rebuttable presumption" in court.

With respect to the specific responses the Department has taken since the oil spill on March 24th of this year, the spill began shortly after midnight. First notification of the Department came to the BLM's Alaska State Office and immediately thereafter to the Department's Regional Environmental Officer (REO) in the Anchorage office of the Department's Office of Environmental Project Review (OEPR). The REO, Paul Gates, is the Interior member on the Alaska Regional Response Team (RRT). The Deputy Under Secretary for Alaska Affairs was notified by telephone call from Alaska in the early morning hours the day of the spill. The National Response Team members in Washington were being notified by 9 a.m. Eastern time on Friday, March 24, 1989.

Thereafter, Mr. Gates' office in Anchorage became a central point for RRT coordination, including coordination of Interior logistical support to the response management effort led by the Coast Guard. The Regional Environmental Assistant, Pamela Bergmann, traveled to Valdez with Fish and Wildlife personnel Friday, March 24 and became the key coordinator at the headquarters of the Coast Guard on-scene coordinator (OSC), for natural resource related activities and for Interior logistical support throughout the first few weeks.

Interior efforts have involved five bureaus and the Office of Aircraft Services (OAS) in addition to OEPR, on the basis of:

(1) land and natural resource jurisdiction: FWS & NPS;
(2) expertise and logistical support: BLM, MMS and OAS;
(3) Alaska Native concerns: BIA.

Examples of specific activities include Fish and Wildlife surveys of potential and actual effects of the spreading spill on migratory bird habitats and individuals, and on otter habitats; monitoring and supervision of contract personnel brought in by Exxon for bird cleaning and otter treatment operations; planning and logistics of bird and animal pick-ups coordinated with State, Coast Guard, NOAA and other on-scene personnel using aircraft and boats both to deal with the spill and to catalogue its effects. Generally, early spill incident efforts were geared to containment of the oil and trying to protect fish, wildlife and waterfowl by placement of booms, guiding oil away from priority areas of environmental sensitivity.

In this case, Fish and Wildlife Service concentrated its short-term efforts on documenting the numbers, species and locations of migratory birds and the numbers and locations of sea otters observed in the oil spill area; documenting wildlife impacts, and providing technical assistance in beach cleanup operations.

The Bureau of Land Management has been providing logistical support since that first weekend to nearly all segments of Federal, State

and local governments responding to the spill. Personnel and equipment were sent to the Anchorage center established in the Department's REO office, and to support the Valdez operation -- both locations fielding continuous requests for services or for information, whether management information including that for Interior headquarters, or public information.

By Tuesday, March 28, BLM was prepared to respond to a request to mobilize fire crews and equipment in case they could be used for cleanup. An Interagency Incident Command Team (ICT) was called out. As it became clear that the spreading oil slick was moving outside of Prince William Sound to the Gulf of Alaska, and threatened the Kenai Peninsula shoreline, the National Park Service requested the services of the team in protecting the Kenai Fjords National Park. Other incident command teams worked in Valdez with the State, and in Kodiak with the Fish and Wildlife Service. Another interagency team established and maintained a management information center for Department headquarters in Washington. Overall BLM services ranged from providing and setting up remote weather tracking stations for the National Oceanographic and Atmospheric Administration (NOAA), to chartering boats for and feeding those working to protect critical areas in Kenai Fjords National Park.

The National Park Service organized and supervised documentation of pre-spill conditions at Kenai Fjords, Katmai, and Lake Clark National Parks, and Aniakchak National Monument, assisted by ICT as described above. Activities included water quality sampling, shoreline vegetation surveys, cultural resources surveys, and wildlife counts. Park Service and ICT personnel worked closely with local governments, and in consultation with Coast Guard personnel, to establish priorities for placement of oil containment booms, and in actually placing booms.

The Department's efforts with respect to sea otters have been complex. The Fish and Wildlife Service has legal management and enforcement responsibilities for sea otters, as well as for migratory birds, in addition to the lands within the National Wildlife Refuge System. Since the cleanup effort was not "Federalized", the facilities for treating oiled otters and birds have been established and funded by Exxon under Fish and Wildlife Service guidance. Because the otters' stress reactions to captivity are so severe as to be life-threatening, and because of the extremely high levels of mortality among those otters captured by volunteers in the early days of the spill, we have attempted to limit otter capture and transport activities to professionals until others can be properly trained.

As streamers of oil and mousse have moved southwest through the Gulf of Alaska to Resurrection Bay, otters farther and farther distant from the Valdez center needed treatment. After considerable discussion, Exxon has constructed and staffed an additional otter rehabilitation center in Seward, opened during the second week in May.

To coordinate the far-flung, people-intensive tasks associated with protection and rehabilitation of migratory birds and otter, Fish and Wildlife has opened four on-site field offices -- in Valdez, Seward, Homer and Kodiak.

Shoreline cleanup continues in Prince William Sound and at various places along the oil's pathways into the Shelikof Strait. Interior roles continue wherever the oil has hit. The Fish and Wildlife Service provides resource information throughout the planning of cleanup operations, participates in aerial reconnaissance of areas proposed for cleanup, and, along with other agencies, monitors on-site cleanup operations. On-shore cleanup includes retrieval of dead wildlife to prevent their being scavenged by predators such as eagles and bears. National Park shorelines are cleaned only by low impact methods -- removal of oiled debris by crews with handtools for example -- to preclude adverse impacts of large numbers of people and heavy equipment in addition to the impacts of the oil.

I made site visits in Valdez, Homer, Kodiak and Seward, to ascertain the nature of the potential adverse effects on our landholdings, and the significant resources in the area which are under our management or control.

Most, but not all, of the above-described areas of activity can be generally categorized as response. Response activities began on Day One, and will likely continue at some level throughout the summer. Meanwhile, for the longer range, but also starting in the very early days, natural resource trustee agencies have been carrying out those surveys, information gathering, sampling, and planning necessary to do a natural resource damage assessment.

Under CERCLA/CWA and E.O. 12580, there are Federal trustees for natural resources which they manage or protect for the public -- in this case Interior is a trustee for migratory birds and marine mammals (otters), and for its Parks and Refuges; Commerce (National Oceanic and Atmospheric Administration, including National Ocean Services and the National Marine Fisheries Service); and Agriculture (Forest Service), manager of Chugach National Forest which encompasses much of the landfall of oil in Prince William Sound. States are trustees for resources within their boundaries, in this case Alaska waters and some shorelines along the path of the oil from Prince William Sound southwest into Shelikof Strait. CERCLA/CWA also makes provision for Indian tribes to recover damages for their injured resources; thus Alaska Native interests are being represented throughout Interior's continuing efforts.

In addition to these immediate response activities, the Federal Trustees (Interior, Forest Service, NOAA) reached an agreement on April 28 to provide a framework for coordination of their activities in the assessment of damages for injuries to natural resources resulting from the oil spill. Under the Trustee Agreement, a Trustee Council has been established in Alaska to coordinate all Trustee matters relating to the agreement. The Departments of Transportation and Justice, EPA, and OMB serve in a consultative role on the Council. The Trustee Agreement also established teams for budget control, legal, and management to assist the Trustee Council in dealing with issues of a technical nature. An up-front payment of $15 million has been secured from Exxon to pay for damage assessment costs.

As a Federal Trustee, Interior is cooperating in the planning and implementation of natural resource damage assessments to be

coordinated among the several trustee agencies. The damage assessment effort will continue to be based in Alaska, supported by Interior headquarters in Washington, and calling on special expertise from bureaus throughout the Department. I have appointed Walt Stieglitz, the Fish and Wildlife Service Regional Director for Alaska, to serve as my personal representative on the Trustee Council and to coordinate the response of the Department to all issues before the Council.

On April 18, I announced that the Department would expand the current program on oil spill technology research. The cost of this 3 year, $6 million initiative will be shared with industry and activities will be coordinated with other affected Federal agencies. Additionally, some work will be accomplished in cooperation with other countries. This work will enlarge on work already under way in the Minerals Management Service, involving such subjects as the fates and effects of oil in cold water environments and the costs associated with major spills. Coordination with other agencies has been and will be continuing with other long range or extended studies which are being developed in the area affected by the spill. In Interior, the Geological Survey had a previously scheduled study effort based on the ship *Farnella* starting offshore EEZ surveys near Kodiak. Arrangements have been made for MMS and perhaps other scientists to share the opportunity presented by the ship's schedule and capabilities.

Research efforts over an extended period are known to be under consideration by the National Ocean Pollution Policy Board, and the Interagency Arctic Research Policy Committee, two interagency groups of which Interior is a member. In addition, the National Science Foundation may have interests beyond its participation in these two groups. EPA is developing a plan for coordination of long range restoration studies, cleanup research, and the like, which will be coordinated with the trustees' more narrowly focussed natural resource damage assessment effort.

Management and policy officials in Washington and Alaska have been actively involved in providing advice and guidance on legal, policy, and budget/finance issues that have arisen, as well as coordinating activities with the other Federal agencies and the White House.

Cleanup Efforts

Question: Alaska state officials have been critical of Exxon's claims regarding the extent of the cleanup thus far and the pace of the continuing cleanup efforts. What can you tell this Subcommittee, based on your personal observations, about the adequacy of the cleanup plan and the pace of the continuing cleanup efforts?

Answer: While Interior has comprehensive monitoring responsibilities for the Trans-Alaska Pipeline from the North Slope into Valdez, the State's responsibilities start at the terminal, and Coast Guard's at the Port of Valdez. While Interior is not a major expert on the mechanics/logistics of ocean cleanup, as resource managers and land managers, we have very definite needs with respect to the priorities for continued skimming efforts, and for shoreline cleaning.

We will continue to use our highly skilled resource personnel to oversee beach cleanup operations on our lands, and to monitor operations on other lands to minimize further damage to wildlife resources. We share the Coast Guard's expressed concern about the lack of detail in the plans to date, but we will continue to give Exxon and the Coast Guard input on our lands and resource concerns for however long it takes. The magnitude of the effort needed because of the great distances the oil has traveled, the miles of shorelines affected, and the harshness of the climate patterns in that area are a deterrent to expeditious cleanup, but they must not become an excuse for delays or diminished efforts by Exxon. We are backing the Coast Guard's efforts to see that consistent, substantive activities continue, and to maintain the sense of urgency about the job to be done.

Question: Would you describe for the Subcommittee the role that the Department of the Interior has played thus far in the cleanup effort and the extent of the Department's future role?

Answer: Our role in the response, which includes cleanup activities however long they may last, is as a member of the National and Alaska Regional Response Team (RRT). The Department plays a role also as a member of the National Response Team (NRT) providing information exchange, problem solving and logistical backup for our field people, and coordinating policy deliberations, resource management, and reporting efforts among our bureaus and offices, and with other Federal agencies.

Interior's on-scene participation in the response to this spill has been two-fold: that in support of the Coast Guard on-scene coordinator (OSC) with the other RRT members, and that in response to effects on Interior-managed lands. Interior continues to provide technical support to the Coast Guard on-scene coordinator on matters related to migratory waterfowl, raptors, sea otters, national park lands, and national wildlife refuge lands in several parts of the Alaska Maritime Refuge. In addition, Interior, coordinating and communicating through the RRT, is supervising efforts to protect and rehabilitate the wildlife under our jurisdiction. We are continuing these activities in cooperation with the Coast Guard, NOAA, and Alaska Fish and Wildlife authorities, even as we continue our efforts with the trustee group on the natural resource damage assessment.

Trustee activities are not included under the National Contingency Plan, which is addressed to response efforts (including remediation activities at hazardous waste sites as well as removal and other response activities associated with spill incidents). Trustees manage activities associated with the natural resources or lands they manage or protect, consulting and coordinating with other trustee agencies to guard against duplication or gaps in their efforts on behalf of shared or adjacent trust resources. Interior will have an equal role with other trustees in the development of the natural resource damages assessment plan, and the subsequent implementation of that plan leading to the natural resource damage assessment.

Since Interior was delegated the responsibility for writing the protocols or rules available to trustee for conducting natural resource damage assessments, a small cadre of Interior staff personnel have a

continuing role in training resource managers and field staff in how to use the rules. Also, since the CERCLA authorizing legislation mandates a bi-annual review of the rule, this staff will be closely monitoring the effectiveness of the rule as it is applied to this major spill. The rule is a compendium of "best available procedures" applicable to determining injuries to natural resources and determining a value for those injuries or losses. However, it has not been tested by experience on a spill of this size.

Interior bureaus, under the lead of the Fish and Wildlife Service are cooperating in the planning and implementation of natural resource damage assessments to be coordinated among the several trustee agencies in an effort based in Alaska, but well supported by Interior headquarters in Washington, and calling on special expertise from bureaus throughout the Department.

Under CERCLA/CWA and E.O. 12580, there are Federal trustees for natural resources which they manage or protect for the public--in this case Interior is a trustee for migratory birds and marine mammals (otters) and for its Parks and Refuges; Commerce (the National Oceanic and Atmospheric Administration, including National Ocean Service and the National Marine Fisheries Service); and Agriculture (Forest Service), manager of Chugach National Forest which encompasses much of the landfall of oil in Prince William Sound. States are trustees for resources within their boundaries, in this case Alaska waters and some shorelines along the path of the oil from Prince William Sound southwest in to the Shelikof Strait.

At the present time, trustee agencies are developing a natural resource damage assessment plan, a necessary step when following the rule developed by the Department of the Interior for optional use by trustee agencies. The State and the Federal trustee agencies are cooperating and sharing information on the development of the plan -- actually a framework plan within which separate study projects are described, to be carried out by separate trustees or co-trustee groupings depending on the resource affected. The plan is targeted to be ready for public review at the end of July.

Cleanup Costs

Question: What are the total cleanup costs incurred by the Department to date?

Answer: As of late June, 1989, we estimate that over $8.8 million has been spent by Department of the Interior bureaus and offices on all aspects of the spill, including contingency planning, response, damage assessment, and other activities (such as research, headquarters management, and socio-economic studies).

Question: Would you provide a breakdown of these costs by cleanup category (i.e., contingency planning, response actions, and damage assessment) and indicate how much has been spent in each category by each Bureau or office?

Answer: The information requested in provided in the attached table.

SUMMARY OF ESTIMATED ALASKA OIL SPILL EXPENDITURES
March 24 - June 30, 1989
(actual $$)

	BLM	MMS	FWS	NPS	BIA	SOL	PEP	POB	OTHER	TOTAL DOI
1 Preplanning/Contingency	177,000	0	75,159	10,600	0	5,069	0	0	0	267,828
2. Response	427,400	2,993	913,889	0	0	8,642	81,130	0	0	1,434,054
3. Damage Assessment	0	8,686	2,485,195	4,342,829	0	21,895	0	0	0	6,858,605
4. Other Activities	0	130,277	0	0	130,395	0	0	2,396	0	263,068
TOTAL	604,400	141,956	3,474,243	4,353,429	130,395	35,606	81,130	2,396	0	8,823,555

Question: How much of the Department's cleanup costs will be reimbursed either by Exxon or from the Coast Guard's Section 311 (K) permanent indefinite account?

Answer: At this point we are not sure of how much of our "response" costs will be reimbursed. Bureaus that have been involved in the response effort have been documenting their activities and are beginning to submit that documentation to the Coast Guard. We do know that under the procedures of the Pollution Fund ("311(K) fund"), only "out-of-pocket" expenses such as overtime, travel, additional equipment and supplies, and so on can be reimbursed. Base salary costs are not reimbursable. Only those activities authorized in writing by the Coast Guard On-Scene Coordinator are eligible as well. We are fully documenting other costs and will be working with the Department of Justice on developing a government-wide claim for damages and costs. At this point it is impossible to predict what the size of the claim will be and what amounts will be awarded.

Costs for oil spill response (protection and cleanup) contingency planning for National Parks and Refuges must be borne by the landholding bureau. However, some specific surveys of resource conditions and populations done in advance of the spill reaching Park or Refuge shores may be eligible costs of a natural resource damage assessment, as establishing baseline or pre-spill conditions against which to measure harm or injury to resources resulting form the spill.

With respect to costs of a a natural resource damage assessment: the result of a damage assessment is a package of scientific and technical studies which support a claim presented to Exxon (in court) for the dollar value of affected resources, with the money awarded being spent to restore the affected resources in accordance with the restoration plan. The costs of doing the damage assessment become a part of the claim.

Since there is no scientific provision for paying the up-front costs of doing the damage assessment planning and studies including the economic valuations, attorneys for the trustee agencies -- Interior, Commerce (NOAA), and Agriculture (along with the Department of Justice), and including the State of Alaska, negotiated an agreement for Exxon to provide $15 million to pay for the initial stages of a natural resource damage assessment. Each of the four trustee agencies drew $2 million at once for their up-front costs.

Question: Do you anticipate requesting a reprogramming from this Subcommittee to cover any additional cleanup costs that may be incurred by the Department?

Answer: Depending on the outcome of the pending supplemental appropriations bill, some reprogramming requests may be necessary. Preplanning/contingency activity costs are not immediately reimbursable to the bureaus, nor are the response costs which do not fall under the jurisdiction of the Pollution Fund. We are hoping that most damage assessment costs will be covered by the funds made available to the natural resource Trustees by Exxon.

Question: Mr. Secretary, there seems to be some controversy regarding the Interior Department's regulations for evaluating the monetary damages from oil spills. In fact, I understand that these regulations are currently being challenged in court. Would you describe for the Subcommittee what criteria would be used, under the Department's current regulations, to assess public damages from an oil spill and the reimbursement due the Nation?

Answer: The rule offers different criteria, and indeed different *kinds* of criteria, for each of its phases or steps. A brief description of the basic precepts of the rule, followed by a very broad outline of the rules' coverage with a few examples will serve to highlight the nature of the rule. (For further information, we have provided the Subcommittee staff separately an executive summary of the rules, an outline of the process, highlights of the CERCLA mandates encompassed by the rule, highlights of the basic precepts of the rule, and a listing of the Federal Register citation for all parts of the rule together with the list of the associated technical documents.)

The law calls for two kinds of regulations:

> Such regulations shall specify: (A) standard procedures for simplified assessments requiring minimal field observation, including establishing measures of damages based on units of discharge or release or units of affected area, and (B) alternative protocols for conducting assessments in individual cases to determine the type and extent of short- and long-term injury, destruction or loss. Such regulations shall identify the best available procedures to determine such damages, including both direct and indirect injury, destruction or loss and shall take into consideration factors, including, but not limited to, replacement value, use value, and the ability of the ecosystem or resource to recover.

The "standard procedures for simplified assessments", so-called "Type A" procedures, are available as a computer model for spills or releases into coastal and marine environments. They are not intended for use in connection with a major spill such as the Exxon Valdez.

It is the "Type B" procedures that are applicable to the Alaska spill. The law's mandate was to "identify the best available procedures," including consideration of "short- and long term injury, destruction or loss," "both direct and indirect injury, destruction or loss," and "replacement value, use value, and ability of the ecosystem or resource to recover." The Type B rules set forth the steps to be taken, the kinds of information to gather and consider, the points at which decisions are to be made, and the kinds of records and reports that are needed. The rule and the available technical documents establish the process, and give examples of what to look for and how to document it. They offer examples of criteria, but they do not prescribe the decisions.

After the preliminary determinations to do an assessment are made and documented, an assessment plan is required. Each assessment requires the same three steps: injury determination, quantification of injury, and damage determination -- damages being the monetary compensation for the resource injury.

In the *injury determination phase*, trustee officials determine and document measurable adverse changes in their resource using their analyses of information gathered. Injury to surface water resources, for example, may be indicated by failure to meet existing EPA or State promulgated standards. Injury to biological resources may be indicated by an adverse change in viability, including not only death, but disease, behavioral abnormalities, or physical deformations among other categories.

In the *quantification of injury phase*, the trustee officials identify the "services" provided by the resource, such as habitat, recreation, or erosion control. They determine the baseline, or pre-spill level of such services, and quantify the reduction in services resulting from the discharge or release.

In the *damage determination phase*, the focus is on economic valuation of the injured natural resources. The trustee officials calculate the monetary compensation for the resource injuries determined and quantified in preceding phases, based on either the costs to replace or restore the resource, or the loss in use value of the resource.

The regulations require a Report of Assessment, establishment of an account for damage assessment awards, and development of a restoration plan -- by law. all damage assessment awards are to be used for the restoration or replacement of the injured resources.

The law confers upon the claim filed by a trustee user of these rules the evidentiary status of a "rebuttable presumption." Therefore, some degree of specificity in the rule is necessary to be sure that following the rule will give you a quality product, a natural resource damage assessment that is worthy of the benefits associated with the rebuttable presumption. The rule is intended to require a useful level of specific detail without removing the resource decisionmaker's flexibility or nullifying his best judgments.

Revisions to Regulations

Question: You are quoted in the New York Times, of April 27, 1989, as saying that your "general philosophy" is that those responsible for damage to natural resources "should pay for restoration and full replacement of the damaged and destroyed resources." Do you intend to revise the Department's regulations?

Answer: CERCLA calls for a review of the rules every two years, allowing for revisions as necessary. Last year, 1988, the Department announced its first biennial review of the Type B rules which had been promulgated in 1986. Four comments were received and considered. One comment said the rules had not been in place long enough for there to be a clear determination as to changes needed. The Department closed out the process by publishing a notice discussing the comments received, and announcing the decision not to revise the regulations at that time.

Also at the present time, the Department is awaiting a court decision on several points in the rules which were the subject of combined

complaints filed by several entities. The oral arguments were heard February 22, 1989, and as yet no decision has been announced.

Meanwhile, the regulations offer a readily available set of common-sense procedures - based on "best available procedures" - for gathering and considering the information necessary to develop an assessment of damages for presentation to the responsible party, to be paid as compensation for injured resources. The rules were developed drawing on a broad range of scientific and technical expertise, including consideration of existing State programs developed for similar purposes. Regular rule-making procedures were followed for public comment, including publication of our treatment of the comments. Some of the comments, of course, were on those principles now in litigation.

Question: If the regulations were revised, could they be applied retroactively to the Exxon Valdez oil spill?

Answer: Whether and how to apply any revised rules retroactively would have to be considered along with any other issues. An equally important question for natural resource trustees would be "can we afford the time and effort to rewrite the rule before beginning on the natural resource damage assessment for this spill?", particularly considering the climate and the brevity of the annual field season in Alaska.

It is important to remember here, as above, that the use of the regulations is optional. The Department has had a general policy that we would use the rules when acting as a trustee, in preparing a natural resource damage assessment in the conviction that they were "the best available procedures."

Question: Do you believe that the current regulations can be interpreted to require Exxon to pay for the replacement of the natural resources destroyed, rather than paying simply the "market value" of such resources?

Answer: First, a point of clarification: all sums received as a result of a natural resource damage claim under this authority (CERCLA/CWA) must be used for the restoration, replacement or acquisition of the equivalent of the injured resource.

This question includes two somewhat separate points. First, will following the Interior rule for damage assessment produce a value that is high enough to restore *all* resources? And second, does the rule allow "paying simply the 'market value' of such resources?

The regulations require that the measure of monetary damages be established based on the lesser of (1) the estimated restoration costs or (2) the change in use values. This change in use values is the value of forgone human uses (market values or values determined by other economic methodologies) if no restoration were performed beyond cleanup. If restoration costs are used as the measure of damages, the damage claim may also include a figure for human uses lost over the period while restoration is taking place. It should be noted that the Interior rules were designed to cover natural resource damages net of cleanup, that is, resource injuries remaining after cleanup is ended.

It is this requirement that the trustee select *the lesser of* the estimated restoration costs or the change in use values that engenders some of the controversy over the regulations. The rationale for this "lesser of" concept is two fold.

First, under the traditional theory of damages in common law for injury to real property, the measure of damages is derived from the so-called "diminution in value" rule. The measure of damages is derived by subtracting the difference in commercial value (or in the natural resources case, any use value) of the property before and after the event. Where the affected property can be restored to its original condition for a sum less than the diminution in value, the cost of restoration may be substituted as a measure of damages. An example of this concept of common law can be seen in the way some insurance claims are settled.

Second, in economic theory, the damages required to compensate for the loss of a natural resource are the lesser of (1) the lost resource's use value or (2) the cost of cost-effective restoration.

Therefore, the "lesser of" approach is consistent not only with the common law, but also with the statutory mandate that the rules use the "best available procedures" -- in this case, accepted economic theory. Regardless of which method is used to measure the damages, note again that all sums recovered must be used to restore or replace the injured resources.

The Type B regulations require the trustee to make "rough" estimates of both restoration costs and loss of use values to determine which he will use as his measure of damages. In the case of the Exxon Valdez spill, it is too early yet to determine which would result in "lesser of."

When considering the treatment of "restoration costs" as against "lost use value" in the Interior rule, it is also well to remember the requirement of the law to "take into consideration factors, including, but not limited to, replacement value, use value, and *ability of the ecosystem or resource to recover.*" (emphasis added)

Reimbursement for Oil Spill-Related Expenses

Question: I believe that everyone is in agreement that Exxon is culpable and is fully responsible for costs incurred by federal agencies, and others, as a result of this oil spill. However, an issue for this Committee is whether the Department can be reimbursed directly by Exxon for its spill-related expenses or whether the company's payments would be deposited directly in the General Fund of the Treasury.

Your Solicitor, Mr. Ralph Tarr, indicated during the Subcommittee's April 3rd hearing, that, under current law, such reimbursements would have to be deposited into the General Fund. This procedure would cause a budget-scoring hardship for this Committee.

The House of Representatives has included language toward this end in its version of the Dire Emergency Supplemental Appropriations Bill.

Does the Department support the reimbursement language proposed by the House?

Answer: The language proposed by the House addresses three issues: (1) assuring that any funds provided as reimbursements, advances, damages are available in the programs areas that originally spent the funds; (2) assuring that those funds provided are no-year; and (3) expanding the section 102 emergency transfer authority to include oil spills. Each of these are problems that the House Interior and Related Agencies Appropriations Subcommittee discussed with various Interior Department bureaus and offices during their 1990 budget hearings. The House proposal is one possible solution to those problems, and we are not opposed to it within a supplemental bill that is acceptable to the Administration.

Question: Would you review some additional language on the subject which this Subcommittee may consider? I would need your comments by the end of this week because the Appropriations Committee may be marking-up the Supplemental Appropriations Bill soon.

Oil Spill Emergency Fund

For an additional amount for the Department of the Interior for contingency planning, response and natural resource damage assessment activities related to the discharge of oil from the tanker Exxon Valdez into Prince William Sound, Alaska, $_____, to be available until September 30, 1990; provided, that for purposes of obligation and expenditure, these funds shall be transferred, upon approval of the Secretary, to existing appropriations of the Department of the Interior; provided further, that any reimbursements from the Pollution Fund of the Coast Guard or other sources for activities for which funds were transferred from this account are to be credited back to this account; provided further, that up to $1,000,000 of this appropriation may, upon approval of the Secretary of the Interior, be transferred to the Minerals Management Service for research into oil spills; provided further, that notwithstanding any other provision of law, in fiscal year 1989 and thereafter, sums provided by any party, including sums provided in advance as (1) reimbursement for contingency planning, response or damage assessment activities conducted or to be conducted by any agency funded in the Department of Interior and Related Agencies Appropriations Act as a result of any discharge of oil into the environment or (2) damages for injuries resulting from such a discharge to resources for which an agency funded in the Department of the Interior and Related Agencies Appropriation Act is a trustee, may be credited to the relevant appropriation for that agency then current and shall be available until expended; provided further that Section 102 of the Department of the Interior and Related Agencies Appropriation Act, 1989, is amended as follows: after the term volcanoes; insert for contingency planning subsequent to actual oil spills, response and natural resource damage assessment activities related to oil spills.

Answer: We discussed this language with the Subcommittee staff. The proposed language is similar to that included as section 502 in the

House version of the Dire Emergency Supplemental Appropriations Bill, with the addition of language that would essentially create a revolving fund to make funds available to bureaus and offices before reimbursement is forthcoming. This is one approach to addressing another problem we have faced in the Alaska oil spill, which is that the only funds available to take action are those appropriated for other purposes. Although we anticipate that most costs will be eventually reimbursed, in the meantime the bureaus and offices must delay or postpone already programmed work.

The language on the oil spill research is no longer necessary since we have submitted a reprogramming for that purpose to the Subcommittee. In addition, the House has modified the Section 102 language, and we are in agreement with that modification.

The proposed language does not address yet another problem that has emerged. The language, in both section 502 of the House version and in this proposal, covers only contingency, response, and natural resource damage assessment activities. An area of growing concern, however, is the effect of the oil spill on the Native Alaskan peoples, including there culture, socio-economic condition, historic/archaeological resources, and subsistence resources.

Alaska Trip

Question: Returning again to your recent trip -- when you were in Alaska, you announced a joint $6 million, three-year research program with the American Petroleum Institute to develop better recovery and cleanup equipment and methods for dealing with large oil spills in the future. You also indicated that the Department is planning increased inspections of offshore oil drilling platforms to check oil spill preparedness. Would you please elaborate and indicate whether you expect to reprogram FY 1989 funds and whether you will be submitting a budget amendment for FY 1990 to accomplish the additional research and inspections?

Answer: MMS plans to reprogram $1,000,000 in FY 1989 in order to enhance existing as well as begin new oil-spill containment and cleanup studies in the Technology Assessment and Research Program. This amount will increase the available monies for the Federal share to $1.38 million in FY 1989. A final decision for FY 1990 funding has not yet been made, although any changes that we suggest will be within the amounts in the pending budget.

The performance of additional spot, oil spill, contingency-plan reviews and unannounced spill exercises will be accomplished within available FY 1989 and proposed FY 1990 inspection and regulation of operation programs funding.

Outer Continental Shelf Leasing Program

This winter, President Bush announced that he was suspending Outer Continental Shelf (OCS) oil and gas Lease Sales 91 and 95 in California and Lease Sale 116 off the western coast of Florida pending a review of the environmental aspects of these sales by a specifically created federal interagency task force.

The subsequent accident by the Exxon Valdez raises additional questions about the industry's oil spill contingency plans and the ability of even the federal government to respond effectively to large-scale accidents, such as the one that occurred in Prince William Sound on March 24th. These questions persist despite the fact that only relatively minor amounts of petroleum have actually been released as a result of OCS exploration and production activities. The Exxon Valdez, of course, was transporting oil that was produced on the north slope of Alaska, and not on the OCS.

Sometimes, however, the facts don't seem to make a difference. There has been increased concern about the Department's five-year OCS leasing program.

Question: Mr. Secretary, has the Administration modified its OCS leasing plans in any way in recent days?

Answer: Yes, the Gulf of Alaska Lease Sale (114) is being postponed by a year and initiation of action for the Norton Basin Lease Sale (120) has been postponed and will be reexamined in 1991

Question: Are modifications to the plan under consideration?

Answer: The OCS Leasing and Development Task Force established by President Bush on March 21, 1989. is considering the events surrounding the oil spill in Prince William Sound as it reviews leasing in three specific areas -- Southern California; Northern California; and Southern Florida (south of 26 degrees North Latitude).

In April 1988, a revision to the 5-year oil and gas leasing schedule was completed and made available to the public. A similar modification, reflecting such recent events as establishment of the task force and other scheduling changes is currently being contemplated.

Development of the 5-year oil and gas leasing program for July 1992 through July 1997 is also scheduled to be initiated during the summer of 1989. This effort will allow another evaluation of OCS sale scheduling for the upcoming five years. Within this context. the OCS sales will be reviewed to determine a leasing schedule reflective of national goals and priorities.

Question Do you anticipate any modifications to the FY 1990 budget request for the Minerals Management Service as a result of shifts in the OCS leasing program?

Answer: We may discuss some minor changes with the Subcommittee Staff. Postponement, delays and cancellations of prelease activities and/or sales do not have a significant impact on funding for the leasing program. Workload is adjusted and/or redirected to other sales or processes within the prelease management program. These shifts in workload allow the opportunity to complete and/or concentrate on new assignments and other priority work (e.g. conflict resolutions. task forces, special analyses, environmental studies, etc.).

Question: Might a delay in funds requested to complete environmental impact statements, for example, be in order pending the recommendations of the inter-agency task force?

Answer: We do not anticipate a modification in FY 1990 funds because of the delay in the completion of environmental impact statements (EIS's) pending the recommendations of the interagency task force. Personnel costs account for most of the funds associated with EIS preparation. The EIS for Eastern Gulf of Mexico Sale 116 was completed in October 1987. Through FY 1990, the Gulf of Mexico Region environmental staff will be working on EIS's for sales in the Gulf of Mexico that are not directly affected by the interagency task force. Pending the recommendations of the task force, no further work is being done on the EIS's for Sales 91 or 95. During FY 1990, the Pacific Region environmental staff will be developing information for the task force as requested, as well as working on Central California Sale 119, the supplemental EIS for the 5-year program, and the draft EIS for the next 5-year program. Depending on decisions made as a result of the Presidential Task Force, work could be undertaken during FY 1990 to complete or modify EIS documents for California that otherwise had been planned to be completed or largely completed during FY 1989.

Congressional Directives

Mr. Secretary, as you know, report language accompanying the Interior appropriation bill is something we on the Committee take very seriously. The language contained in the reports and the Statement of the Managers is a reflection of Congressional intent. As such, we expect compliance.

In many instances, we have a particular problem receiving requested information in a timely manner. For example, the House Appropriations Committee, in its FY 1989 report, which was filed on June 20, 1988, requested a report from the Geological Survey on the evaluation of coastal erosion and pollution in Alabama and Mississippi, and preparation of a plan of study based on these evaluations. This report and plan were due April 1, 1989. As you know, unless report language is explicitly revised or refuted by the other body or in conference, the original language prevails. In this case, the Statement of the Managers accompanying the FY 1989 Department of the Interior and Related Agencies appropriation bill, made no change to the original language.

So, the Geological Survey knew of the requirement in June, and they knew there was no change in August. Thus, the Survey had over 7 months to prepare this report. On March 30th, I received a letter informing me that the report would be late, and won't be submitted until May 15th.

Question: Mr. Secretary, wouldn't you agree with me that the Geological Survey must have known that it would be unable to meet the April 1 deadline prior to March 30?

Answer: I understand that the Geological Survey worked diligently to meet the deadline required by the language in the report of the House Appropriations Committee; we regret that the extensive review

process carried out with other Federal and State agencies resulted in a delay in submitting the report to the Committee. When it became clear that the study plan would not be fully reviewed by other agencies by April 1, the letter requesting a 45-day extension was sent to the Committee, while the review process was being completed. The study plan was signed by the Assistant Secretary for Policy, Budget, and Administration on April 19, 1989 and sent to the House and Senate Committees on April 20, 1989.

Question: Wouldn't you agree that Congressional report language is important and a reflection of Congressional intent?

Answer: As a former Member of Congress, I agree that Congressional report language is second in importance only to statutory language and reflects the intent of the Congress. I believe this view is shared by existing staff throughout the Department, and I intend to make sure that all new Assistant Secretaries and Bureau Heads are made aware of my views on this subject.

Question: What steps have you taken to ensure that Departmental officials comply with Congressional directives?

Answer: I have made certain that all senior managers within the Department are aware of the need to comply with Congressional directives on a timely basis. As part of this effort, each year, the Office of Budget works with the Bureaus to prepare a list of House, Senate, and Conference language included in reports accompanying Appropriations Committee bills that require written responses, generally by specific dates. In addition, Assistant Secretaries and Heads of Bureaus and Offices have been provided with procedures for responding to directives in Appropriations Committee reports and for notifying the Subcommittees in advance when due dates cannot be met. While I understand that we need to improve our timeliness in responding to some of these reports, the procedures for doing so are in place in the Department. I intend to reinforce them on a periodic basis, especially as new Assistant Secretaries and Bureau Heads take office.

Question: Mr. Secretary, I hope that you will be able to instill some discipline within the Interior bureaucracy with respect to our report guidance. You should direct the responsible program managers to begin work on any required reports or updates as soon as the Appropriations Committee report is filed. These extended delays and apparent disregard for Congressional intent are unacceptable.

Answer: Mr. Chairman, if there are extended delays in responding to Committee reports, which are unexplainable, or actions which demonstrate disregard for Congressional intent, I agree that such actions are unacceptable to me as well as to the Committee. Where there are delays, our policy, as you know, is to send you a letter explaining the reason for the delay and requesting an extension of the due date. I understand that often a delay may be justified. I would ask that you bring examples of disregard for Congressional intent to my personal attention, or that your staff bring them to the attention of the Department's Budget Officer who has direct access to me at any time.

With respect to your specific point about beginning work on required reports or updates as soon as the Committee report is filed, this is certainly a good idea and I will direct that it occur.

Management of Public Lands

Mr. Secretary, the Bureau of Land Management and the Forest Service were originally created back in the 19th century to lure settlers to the Great Plains, the Rocky Mountains, and points even farther west. Time has passed and priorities regarding the management of our pubic lands have changed. Congress has passed laws over the last several decades designed to balance the needs of recreation and wildlife with development on public lands. The Federal Land Policy and Management Act of 1976, for example, requires the BLM and the Forest Service to manage for multiple use and consider the environmental consequences of development. It also requires the government to obtain fair market value for its resources.

I am interested to know more about your view of the federal government's stewardship over public lands.

Question: Could you describe how you intend to balance interests in wildlife protection, recreation and other conservation programs with the need for resource production and development?

Answer: BLM's mission as the steward of the Public Lands is to manage these lands and the natural resources they contain to provide to the American public with the widest range of benefits now and in the future. Renewable resources are managed to meet on a sustained yield basis, the Nation's need for domestic sources of food, fiber, timber and wildlife, and to make significant contributions to regional and local economies. With respect to nonrenewable resources, such as oil, gas and other minerals, the BLM goal is to provide a secure domestic source of energy and strategically important nonenergy minerals, to encourage orderly and timely development of the resource by the private sector in an environmentally sound manner, and to obtain fair market value return to the Federal government for development of the resource. The BLM also makes the lands available for nonconsumptive human use and enjoyment through the protection of recreational, ecological, historical and cultural, and scientific values.

By the nature of its mission, BLM is engaged not only in the management of lands and resources, but also in the management of peoples' use of these lands and resources. BLM is often required to mediate among competing groups or individuals with conflicting purposes in mind for the Public Lands. One of the keys to achieving effective multiple use management is a land use planning process, such as the development of Resource Management Plans (RMPs) by BLM, which incorporates a strong emphasis on citizen participation. As Secretary, I will work to achieve the optimum multiple-use combination of protection and diverse uses for the Public Lands that considers the long-term needs of future generations. This goal is reflected in my agenda of "Stewardship" which emphasizes conserving and wisely using our lands and resources.

Question: Mr. Secretary, I note in your prepared statement (p. 14) that you have placed increased emphasis on recreation management in the Bureau of Land Management. Does this initiative, known as Recreation 2000, represent a shift in the way your administration intends too manage the 481 million acres of pubic land under your jurisdiction?

Answer: As a former representative from New Mexico, a major Public Land State, I recognize BLM's role as one of the major providers of recreation opportunities to the American public. With increasing leisure time and affluence, substantial numbers of Americans are seeking more outdoor recreational opportunities on the more than 270 million acres of Public Lands. Annual visitation to the Public Lands is about 57.5 million visits, a three-fold increase in the past 20 years. It is critical that we plan to meet this demand. Recreation use of the Public Lands also has a positive impact on the local economy.

Such trends and economic significance are reflected in the West where the travel and tourism industry ranks first in terms of employment in 7 out of 12 States. For example, the New Mexico Economic Development and Tourism Department estimates that rafting along the Upper Rio Grande and Rio Chama Wild and Scenic Rivers generates income in excess of $1.5 million annually to the local communities.

The BLM's Recreation 2000: A Strategic Plan is a blueprint for the future to guide our efforts to accommodate the growing recreation demands on the BLM administered lands and waters. Through the Recreation 2000 initiative, the BLM can provide for the recreational enjoyment of the Public Lands as well as protect the great variety of natural and cultural resources on the Public Lands and preserve them for future use and enjoyment.

Recreation 2000 represents a revitalized approach to managing outdoor recreation resources as one of the principal multiple-uses on the Public Lands as mandated by FLPMA. I understand that, in the past several years, BLM has increased its emphasis on the recreational use of the Public Lands in response to increasing demand. I support that focus as well as increased emphasis on wildlife protection and conservation within the overall context of multiple use management.

Question: Is it your intent over the next few years to change the land management priorities of the Department toward, or away from

-- greater recreation use;
-- increased wildlife protection;
-- enhanced timber and mineral production; and/or
-- grazing use?

Answer: As explained in the previous answer, I believe that BLM should continue to strive for a balance among the multiple uses of the Public Lands, while responding to public demands and planning for the needs of future generations. The stewardship role of BLM requires that management of our domestic resources carefully weighs the need for recreation use, wildlife protection, timber and mineral production, and grazing use among all of the multiple uses.

Because recreation use on the Public Lands is growing and will continue to grow, BLM will be implementing a Recreation 2000 initiative over the next few years to address this trend. The Public Lands offer a great diversity of outdoor recreation opportunities and a great potential for accommodating expanding forms of recreation.

During my tenure, BLM will also focus on implementing a long-term strategy, called Fish and Wildlife 2000: A Plan for the Future, to better protect and manage valuable public wildlife assets. The goals of this initiative include: ensuring optimum populations and enhancement of wildlife resources; providing sufficient habitat for big game species and anadromous fish to sustain economic public benefits; managing wetlands to maintain the diversity and abundance of waterfowl; managing riparian areas to achieve healthy and productive conditions; and maintaining populations of species, both plants and animals, to avoid the need for listing as endangered species.

While implementing these initiatives, BLM will continue to manage the Public Lands to maintain the production of timber, livestock and mineral resources in an environmentally sound manner to support our domestic industries, produce revenue, and continue our supply of food, fiber, energy and minerals. We will work to keep the Public Lands open for mineral exploration and extraction to maintain our energy sources and the manufacture of products vital to our economy and national security. BLM will also continue to offer timber sales which affect logging, manufacturing, and other supporting jobs, especially in local communities which are highly dependent on a steady supply of BLM timber for their economic stability. The nation's rangelands also support about 4 million head of livestock which is an important element in the economic well-being of many rural communities.

As Secretary of the Interior, I intend to ensure that the BLM continues the balanced management of the Public Lands and their various values so that they are considered in a combination that will best serve the American people now and in the future.

Question: During the severe fires in the West last summer, expensive firefighting measures often were needed to protect private property. Do you expect to initiate any changes in the Department's policy regarding its stewardship role over public lands adjacent to small communities and private property?

Answer: We believe that the Department's existing fire fighting policy in the wildland/urban interface area is fundamentally sound. Concern for escalating fire danger and potential associated loss of life and property in these areas has resulted in formation of a national level steering group with representatives from local, state, and federal governments, and private industry to exchange views and develop recommended actions to reduce potential losses. At the national level the Wildland/Urban Initiative is supported and sponsored by 4 bureaus within the Department of the Interior, including the Bureau of Land Management, National Park Service, Bureau of Indian Affairs and Fish and Wildlife Service. The Department's commitment to this national level initiative is $500,000 with each of the 4 bureau's contributing 25% of the total.

To support the goals of the Initiative, bureaus have developed ground and aerial enhanced foam generating fire fighting equipment and have converted existing fire engines to this new technology in areas having a significant wildland/urban interface. Fire detection patrols and the development and distribution of public information materials have increased. Training of firefighters to alert them to the dangers associated with fighting structural and industrial fires has also been instituted.

Question: Might it be appropriate to concentrate pre-suppression efforts in these areas so that actual firefighting efforts could remain more focussed on the major fire fronts during emergency situations?

Answer: The primary responsibility for fire protection in the wildland/urban interface lies with state and local governments who have the equipment and specialized training to deal with the hazards encountered in structural and industrial fire situations. Presuppression funds would be spent if least cost economic analysis showed that expenditures in these areas, when compared with other lands we administer, would give the most return on our investment.

Land Acquisition

Question: Mr. Secretary, on February 9th, nearly three months ago, President Bush announced his plan to increase federal land acquisition in the FY 1990 budget to the same level that Congress has appropriated for the current year, $206 million. Given the fact that the federal government already owns twenty-five percent, or more, of the land in 13 states, and with our difficulties in coping with the large budget deficits, why is it appropriate to increase the Administration's land acquisition request at this time?

Answer: It is appropriate for the reasons stated by the President on February 9, 1989. To quote from the document "Building a Better America":

> Great progress has been made in the past eight years in improving the operation and maintenance of existing recreation areas. But, the Administration also supports a program of acquisitions of precious land and water resources for the enjoyment of present and future generations. Therefore, the Administration proposes to proceed with purchases of high priority lands. A limited, systematic program of Federal land acquisition is a prudent investment for the future, even in our current era of fiscal restraint.

Question: As I mentioned, it has been nearly three months since President Bush announced his increased land acquisition request, but the Subcommittee still has not received a formal list of projects or even a breakdown of the request among the principal land management agencies of the government.

The Subcommittee staff has recently obtained some informal documents related to the land acquisition request; and, with your confirmation of their accuracy, I will include them in the hearing record.

The first item is a March 29, 1989, list of procedures and criteria to be used in selecting specific land acquisition projects.

Is this document an accurate reflection of the criteria being used by the Administration?

Answer: It is not the final criteria used, but it is nearly the same. The final criteria used by the Administration in setting priorities is dated May 12, 1989 and follows.

Question: Next, I have an April 20, 1989, table comparing land acquisition appropriations, by agency, for FY 1988 and FY 1989 with the FY 1990 budget requests proposed by former President Reagan and by President Bush. Is is correct that President Bush is requesting land acquisition and related costs amounting to:

-- $20,885,000 for the Bureau of Land Management;
-- $47,915,000 for the Fish and Wildlife Service;
-- $72,959,000 for the Park Service; and
-- $64,831,000 for the Forest Service?

Answer: It is correct in part. The final budget requests are:

-- $20,885,000 for the Bureau of Land Management;
-- $51,415,000 for the Fish and Wildlife Service;
-- $69,459,000 for the National Park Service; and
-- $64,831,000 for the Forest Service?

Question: Would you also confirm the accuracy of this list of land acquisition projects by agency, with their relative scorings under the procedures and criteria noted earlier?

Answer: The Subcommittee has an earlier draft version of the list. A final version of the list with the relative scorings follows.

Procedure for Compiling
Federal Land Acquisition Priority List

I. DOI and USDA determine which proposed acquisitions meet minimum criteria.

Minimum criteria (must be met in all cases):

1. The property is (a) within the boundaries of an existing Federal conservation/recreation unit, if such boundaries are set by statute; or (b) contiguous with property now comprising a Federal conservation/recreation unit, if the unit's boundaries are administratively determined; or (c) the initial "building block" of a newly-authorized Federal conservation/recreation unit.

2. The property presents no known health/safety/liability problems (e.g. hazardous waste contamination, unsafe structures).

3. There is no current indication of opposition from current owner(s) to Federal acquisition of the property (condemnations may be necessary in rare instances).

4. The cost of infrastructure necessary to make the property accessible, safe, and usable by the general public does not exceed 10 percent of the estimated purchase price.

II. DOI and USDA score proposed acquisitions that meet minimum criteria.

Each potential acquisition is scored by summing points it receives from meeting one or more of the following "ranking criteria". The indicated number of points is awarded if the proposed acquisition would:

1.a. Prevent imminent (within 2-3 years) property development that is determined by the regional or State director to be incompatible with the affected unit's authorized purpose(s). 50 points

b. Prevent short-to-medium term (within 4-8 years) property development that is determined by the Secretary to be incompatible with the affected unit's authorized purposes(s). 25 points

2.a. Provide multiple recreation opportunities (seven or more of the activities listed on Attachment A) within 100 miles of a Standard Metropolitan Statistical Area (SMSA). 50 points

b. Provide multiple recreation opportunities (seven or more of the activities listed on Attachment A) between 100 and 250 miles from an SMSA. 35 points

c. Provide limited recreation opportunities (one to six of the activities listed on Attachment A) within 100 miles of an SMSA. 35 points

d. Provide limited recreation opportunities (one to six of the activities listed on Attachment A) between 100 and 250 miles from an SMSA. 20 points

3.a. Preserve habitat of endangered species. 40 points

b. Preserve habitat of threatened species. 30 points

c. Preserve a recognized type of ecological community, for the purpose of promoting natural diversity. 20 points

4. Preserve a nationally-significant natural or cultural feature of a type not now represented in any Federal conservation/recreation unit. 40 points

5. Preserve a biologically valuable wetland or riparian habitat. 35 points

6.a. Include existing infrastructure required to make property accessible to and usable by the general public and by elderly/handicapped citizens. 40 points

b. Include existing infrastructure required to make property accessible to and usable by the general public, but not by elderly/handicapped citizens. 20 points

7. Expand a unit with a record of visitor-day growth exceeding 5 percent per year in at least three of the five prior years. 20 points

8. Improve manageability and efficiency of a unit. 20 points

9.a. Require Federal dollars of less than 25 percent of the estimated fair market value of the property. 35 points

b. Require Federal dollars of only 25 to 49 percent of the estimated fair market value of the property. 25 points

c. Require Federal dollars of only 50 to 74 percent of the estimated fair market value of the property. 20 points

d. Require Federal dollars of only 75 to 99 percent of estimated fair market value of the property. 10 points

10. Involve Federal acquisition of less than full fee title to the property (e.g. purchases of scenic or conservation easements). 10 points

11. For each non-Federal partner (State, local, private) contributing significant resources ("significant" = at least 25 percent of acquisition, development, or management dollars), add 5 points, up to a maximum of 15 points.

12. Provide multiple recreation opportunities (seven or more of the activities listed on Attachment A) and is within a county with a population of one million or more. 100 points

Ranking criteria listed under a single number (e.g. "1.a.", "1.b.") are mutually exclusive; points may not be awarded for more than one. For example, a proposed acquisition may score 40 points for meeting criterion 3.a., but cannot score 70 points for meeting both criteria 3.a. and 3.b.

Each property proposed for acquisition is normally scored separately. However, if several related properties are proposed for purchase as a group to optimize use of funds, the group may be assigned a composite score (e.g. the criteria may be applied and a score assigned to the Forest Service Lake Tahoe project or the Park Service Santa Monica Mountains project as a whole).

III. DOI and USDA tentatively rank acquisition proposals.

The Departments jointly prepare a unified list of acquisition proposals, ranked in descending order of points scored. A cut-off point is determined by summing costs associated with the ranked acquisitions until the cumulative cost reaches the land acquisition budget limit ($206 million less administrative and emergency acquisition costs).

IV. Review by Land Acquisition Working Group.

A Land Acquisition Working Group has been established, comprising representatives of the Assistant Secretary of the Interior for Fish and Wildlife and Parks; the Assistant Secretary of the Interior for Land and Minerals Management; and the Assistant to the Secretary of Agriculture for Natural Resources and Environment.

The Working Group reviews and modifies the tentative ranking of land acquisition proposals to reflect (1) corrections of identified scoring errors, (2) proposed exceptions to the minimum criteria, and (3) subjective factors not taken into account in the scoring process.

Examples of subjective factors include, but are not limited to: the role of a given acquisition in a coordinated Federal/State/local effort to preserve recreation lands; the possible effect of an acquisition on State, local, or private efforts to offer competing recreation opportunities; the prospect that a private conservation group may desire to purchase the property.

For each proposed acquisition added to the list on a basis other than points scored, the Working Group prepares a brief written justification explaining why the acquisition has been afforded higher priority.

Attachment A

Recreation Activities

Hiking	Auto Touring
Camping	Off-road Vehicle Use
Picnicking	Skiing/Ice Skating
Fishing	Snowmobiling
Hunting	Bicycling
Swimming	Horseback Riding
Boating/Canoeing/Rafting	Observing Wildlife

INTERIOR & RELATED AGENCIES
FY 1990 Land Acquisition - Composite Listing
(dollars in thousands)

Bureau	Parcel	No. of Acres	FY 1990 ($000)	Cumulative Cost
BLM	* N. Fork American River, CA	240	250	250
BLM	* Upper Sacramento River, CA	1,300	1,720	1,970
FS	* Caribbean NF, PR	300	430	2,400
BLM	* Carrizo Plains, CA	35,000	6,000	8,400
BLM	* Chuckwalla Bench, CA	2,500	500	8,900
BLM	* Desert Tortoise Nat Area, CA	600	1,200	10,100
BLM	* S Fork Merced River, CA	160	250	10,350
FWS	* San Francisco Bay, CA	1,400	4,000	14,350
FS	* Mt. Baker-Snoqualmie NF, WA	160	2,000	16,350
FS	* Pacific Crest Trail, Multi	1,000	1,000	17,350
FWS	* Sacramento River, CA	4,065	4,643	21,993
FWS	* San Joaquin River, CA	2,500	5,000	26,993
BLM	* S. Fork Snake River, ID	1,700	1,750	28,743
BLM	* New River ACEC, OR	120	500	29,243
NPS	* Jean Lafitte NHP & Pres, LA	1,000	1,000	30,243
BLM	* McCain Valley RCA, CA	400	250	30,493
FS	* Pere Marquette W&SR, MI	500	500	30,993
FS	* Appalachian Trail, Multi	6,000	3,000	33,993
NPS	* Appalachian Trail, Multi	2,387	7,000	40,993
FWS	* Bogue Chitto, LA	2,505	1,200	42,193
FS	* Cascade Head, SRA, OR	200	1,000	43,193
FS	* Chattooga W&SR, GA	1,000	1,000	44,193
FWS	* Great Swamp, NJ	200	2,000	46,193
FS	* Hells Canyon, NRA, OR/ID	500	500	46,693
FS	* Oregon Dunes, NRA, OR	300	500	47,193
FWS	* San Pablo Bay, CA	1,493	3,500	50,693
FS	* Sawtooth, NRA, ID	400	2,000	52,693
NPS	* Timucuan E & H Res, FL	100	1,500	54,193
FWS	* Trustom Pond, RI	70	1,100	55,293
FS	* Ocala NF, FL	532	4,000	59,293
BLM	* Bruneau River, ID	160	40	59,333
BLM	* Lower Salmon River, ID	1,568	1,200	60,533
FWS	* Crystal River, FL	10	900	61,433
FWS	* Minnesota Valley, MN	1,130	4,516	65,949
FWS	* Pelican Island, FL	249	1,900	67,849
FWS	* Tinicum Nat'l Envir Ctr, PA	100	1,000	68,849
BLM	* Bizz Johnston Trail, CA	150	300	69,149
NPS	* Cuyahoga Valley NRA, OH	175	3,500	72,649
FS	* Humboldt NF, NV	5,950	1,400	74,049
FWS	* James River, VA	3,500	2,000	76,049
BLM	* Kings Range NCA, CA	600	500	76,549

* Included in proposed budget.

INTERIOR & RELATED AGENCIES
FY 1990 Land Acquisition - Composite Listing
(dollars in thousands)

Bureau		Parcel	No. of Acres	FY 1990 ($000)	Cumulative Cost
BLM	*	Lomas/Santa Fe, MT	142	590	77,139
FS	*	Monogahela NF, WV	7,000	2,800	79,939
NPS	*	Santa Monica Mts. NRA, CA	3,059	21,530	101,469
FS	*	Flaming Gorge, NRA, WY	6	12	101,481
BLM	*	Overflow Wetlands HMP, NM	804	240	101,721
BLM	*	Owyhee River, OR & ID	1,500	1,320	103,041
FWS	*	Pettaquamscutt, RI	150	1,400	104,441
FWS	*	Steigerwald Lake, WA	190	722	105,163
NPS	*	Chattahoochee River NRA, GA	225	5,000	110,163
FS	*	Toiyabe NF, CA/NV	4,000	4,000	114,163
FWS	*	Blunt-nosed Lizard, CA	150	160	114,323
FWS	*	Eastern Shore, VA	220	200	114,523
BLM	*	El Malpais, NM	50,000	1,250	115,773
FS	*	Flathead W&SR, MT	800	1,500	117,273
FS	*	Inyo NF, CA	248	1,000	118,273
FS	*	Spruce Knobs-Seneca Rock, WV	700	500	118,773
FS	*	DeSoto NF, MS	800	700	119,473
FS	*	Green Mountain NF, VT	3,500	1,750	121,223
FWS	*	Lower Rio Grande, TX	8,000	10,000	131,223
BLM	*	Upper Missouri W/S River, MT	419	200	131,423
NPS	*	Congaree Swamp, SC	733	1,000	132,423
FS	*	Ouachita NF, AR	8,000	5,000	137,423
FS	*	Ozark NF, AR	3,500	2,000	139,423
BLM	*	Pariette Wetlands, UT	503	210	139,633
FS	*	Roosevelt NF, CO	320	960	140,593
FS	*	San Bernardino NF, CA	450	2,000	142,593
FS	*	Siuslaw NF, OR	186	2,500	145,093
FS	*	Wenatchee NF, WA	15	700	145,793
BLM	*	Big Hole River, MT	393	180	145,973
FS	*	Carson NF, NM	525	375	146,348
BLM	*	Colo R/Blk Ridge Canyon, CO	1,200	300	146,648
FS	*	Columbia R. Gorge,NSA, WA/OR	3,000	5,000	151,648
BLM	*	Fig Springs, AZ	640	210	151,858
BLM	*	Oregon Nat'l Trail, ID	1,600	405	152,263
BLM	*	Rio Chama, NM	1,020	350	152,613
BLM	*	Rio Grande, CO	280	70	152,683
BLM	*	Warner Basin, OR	15,000		152,683
FS	*	BWCA Wilderness, MN	10	500	153,183
FS	*	Osceola NF, FL	5,250	1,750	154,933
FS	*	Gallatin NF, MT	1,000	1,000	155,933
FS	*	Inyo NF, CA	317	400	156,333
FS	*	Lake Tahoe Basin, CA/NV	250	3,500	159,833
FS		Nicolet NF, WI	2,200	900	
FS		Dixie NF, UT	760	1,750	
FS		Sequioa NF, CA	403	530	
FWS		Wertheim, NY	154	3,750	
FWS		Lamar Peninsula, TX	800	1,500	
FWS		Leslie Canyon, AZ	120	40	
NPS		Lowell NHP	3	690	
BLM		Organ Mtns, NM	6,300	6,220	
BLM		Steens Mtns, OR	640	1,000	
FWS	*	Trempealeau, WI	500	500	160,333
FS		Cherokee NF, TN	6,300	5,000	
BLM		E Mojave Nat'l Scenic A, CA	16,000	1,000	
FS		Illinois W&SR, OR	400	400	
FS		Superior NF, MN	500	300	
FWS		Tensas River, LA	2,102	2,000	
FS		Allegheny NF, PA	1,600	1,000	
FS		Chequamegon NF, WI	2,800	5,000	

* Included in proposed budget.

INTERIOR & RELATED AGENCIES
FY 1990 Land Acquisition - Composite Listing
(dollars in thousands)

Bureau		Parcel	No. of Acres	FY 1990 ($000)	Cumulative Cost
FS		Coronado NF, NM	160	480	
FS		Daniel Boone NF, KY	3,500	2,000	
BLM		Emigrant Springs, WY	40	12	
FS		Hoosier NF, IN	1,500	1,000	
FS		Huron NF, MI	850	700	
FWS		Klamath Forest, OR	7,264	4,100	
FWS		Lower Suwannee, FL	2,809	1,000	
BLM		Riverwood Ranch, ID	1,920	120	
FS		Shawnee NF, IL	1,600	1,000	
BLM		Trout Creek Mtns, OR	640	120	
FS		Wayne NF, OH	5,000	2,000	
BLM		Yakima Canyon, WN	5,000	500	
FWS		Driftless Area, IA	1,000	600	
BLM		Schmidt Tract, MT	34	250	
BLM		Ferris Mtns, WY	1,800	350	
BLM		Indian Ck Rec Lands Tr, NV	220	200	
FWS	*	J.N. "Ding" Darling, FL	43	300	160,633
NPS		Big Cypress N Pres, FL	1,967	1,935	
BLM		Chacoan Outliers, NM	5,731	665	
FWS		Colorado Water Rights, CO	0	2,500	
BLM		Parkdale/Ark R. Access, CO	30	100	
NPS		Channel Islands NP	6,264	13,500	
NPS	*	El Malpais, NM	3,500	3,500	164,133
NPS		Guadalupe NP	10,123	1,800	
FS		Tongass NF, AK	23	250	
NPS	*	Acadia NP, ME	233	1,000	165,133
FWS		Bog Book, ME	2,500	550	
FWS		Campbell Additions, HI	98	1,500	
FWS		Red Rock Lakes, MT	640	380	
NPS	*	Antietam NBP, MD	62	500	165,633
NPS		Olympic NP	110	600	
BLM		Upper Colo St Bridge Acc, CO	34	250	
BLM		Fort LaClede, WY	8	20	
FWS		Kirtland's Warbler, MI	1,377	716	
FWS		National Key Deer, FL	197	5,000	
FWS	*	Ace Rivers Basin, SC	1,200	1,000	166,633
NPS	*	Big Cypress N Pres, FL	5,894	4,000	170,633
NPS		Gauley River NRA	6,600	3,000	
NPS		Haleakala NP	25	500	
NPS		Acadia NP, ME	350	1,500	
NPS		City of Rocks N Res	6,765	1,000	
FWS		Fox River, WI	197	150	
BLM		Fremont R. Narrows, UT	160	60	
NPS		Gulf Islands NS	538	1,000	
NPS		New River Gorge NR	1,688	1,500	
NPS	*	New River Gorge NR, WV	2,812	2,500	173,133
NPS		Voyageurs NP	833	1,000	
FWS		National Elk Refuge, WY	30	1,500	
BLM		Red Cloud Peak, CO	40	100	
NPS		St. Croix WSR	476	500	
NPS		Saratoga NHP	17	225	
FWS		Savannah, GA	59	120	
NPS		Poverty Point NM	496	600	
NPS	*	Delaware Water Gap NRA,NJ/PA	96	750	173,883
NPS		Delaware Water Gap NRA,NJ/PA	70	500	
NPS		Gauley River NRA	3,400	2,000	
NPS		Kalaupapa NHP	1,362	2,500	
NPS		Natchez NHP	80	5,000	
NPS		Homestead NM	12	250	

* Included in proposed budget.

INTERIOR & RELATED AGENCIES
FY 1990 Land Acquisition - Composite Listing
(dollars in thousands)

Bureau		Parcel	No. of Acres	FY 1990 ($000)	Cumulative Cost
BLM		Spring Gluch, ID	4	15	
BLM		Yuba Res Rec Area, UT	1,362	275	
FWS		Buenos Aires, AZ	1,455	3,672	
BLM		Desert Tortoise Crit Hab, UT	320	120	
NPS		Women's Rights NHS	0	50	
NPS	*	NP of American Samoa, Saipan	9,000	400	174,283
NPS		Virgin Islands NP	50	7,000	
NPS		Golden Spike NHS	532	298	
NPS		Salem Maritime NHS	0	400	
NPS		Fort Union Trading Post NHS	36	200	
NPS		Stones River NB	15	100	
NPS		Alaska Parks, AL	8	500	
NPS		Alaska Parks, AL	12	200	
NPS	*	War in the Pacific, Guam	1	500	174,783
FWS	*	Cape May, NJ	500	1,000	175,783
FS	*	Hiawatha NF, Grand Is, MI	13,000	3,500	179,283
FWS	*	Lake Thompson, SD	5,000	1,000	180,283

* Included in proposed budget.

Question: Would you also include in the record a listing of all federal projects, in priority order, that were considered under the criteria, and denote with an asterisk those projects which are actually included in the revised budget? All projects should include an agency designation.

Answer: The requested list follows.

INTERIOR AND RELATED AGENCIES
FY 1990 Land Acquisition - by ranking
(dollars in thousands)

Bureau	Parcel	Criteria													No. of Acres	FY 1990 Cost	Cumulative Cost
		1	2	3	4	5	6	7	8	9	10	11	12	Total			
BLM	N. Fork American River, CA	50	50	40	0	35	20	20	20	20	10	15	100	380	240	250	250
BLM	Upper Sacramento River, CA	50	50	40	0	35	20	20	20	20	10	15	100	380	1,300	1,720	1,970
FS	Caribbean NF, PR	50	50	40	40	35	20	20	20	0	0	0	100	375	300	430	2,400
BLM	Carrizo Plains, CA	50	50	40	40	0	20	0	20	20	10	15	100	365	35,000	6,000	8,400
BLM	Chuckwalla Bench, CA	50	50	20	40	0	20	0	20	20	10	15	100	345	2,500	500	8,900
BLM	Desert Tortoise Nat Area, CA	50	50	20	0	0	40	20	20	20	10	15	100	345	600	1,200	10,100
BLM	S Fork Merced River, CA	25	50	30	0	35	20	20	20	10	10	5	100	325	160	250	10,350
FWS	San Francisco Bay, CA	50	35	40	0	35	20	20	20	0	0	0	100	320	1,400	4,000	14,350
FS	Mt. Baker-Snoqualmie NF, WA	50	50	40	0	35	20	0	20	0	0	0	100	315	160	2,000	16,350
FS	Pacific Crest Trail, Multi	50	50	30	0	0	20	20	20	10	5	5	100	310	1,000	1,000	17,350
FWS	Sacramento River, CA	50	35	40	0	35	20	20	0	0	0	0	100	300	4,065	4,643	21,993
FWS	San Joaquin River, CA	50	35	40	0	35	20	0	20	0	0	0	100	300	2,500	5,000	26,993
BLM	S. Fork Snake River, ID	50	35	40	40	35	20	20	20	20	10	10	0	300	1,700	1,750	28,743
BLM	New River ACEC, OR	50	35	40	40	35	20	20	20	10	10	15	0	295	120	500	29,243
NPS	Jean Lafitte NHP & Pres, LA	0	50	40	0	35	20	20	20	0	0	0	100	285	1,000	1,000	30,243
BLM	McCain Valley RCA, CA	25	50	30	0	0	20	20	20	10	0	10	100	285	400	250	30,493
FS	Pere Marquette W&SR, MI	50	50	40	40	35	20	20	20	0	10	0	0	285	500	500	30,993
FS	Appalachian Trail, Multi	50	50	0	0	0	20	20	20	0	10	10	100	280	6,000	3,000	33,993
NPS	Appalachian Trail, Multi	50	50	0	0	0	20	20	20	0	10	10	100	280	2,387	7,000	40,993
FWS	Bogue Chitto, LA	50	35	20	0	35	0	20	20	0	0	0	100	280	2,505	1,200	42,193
FS	Cascade Head, SRA, OR	50	50	40	40	35	20	20	20	0	5	0	0	280	200	1,000	43,193
FS	Chattooga W&SR, GA	50	50	40	40	35	20	20	20	0	5	0	0	280	1,000	1,000	44,193
FWS	Great Swamp, NJ	50	35	20	0	35	0	20	20	0	0	0	100	280	200	2,000	46,193
FS	Hells Canyon, NRA, OR/ID	50	50	40	40	35	20	20	20	0	5	0	0	280	500	500	46,693
FS	Oregon Dunes, NRA, OR	50	50	40	40	35	20	20	20	0	5	0	0	280	300	500	47,193
FWS	San Pablo Bay, CA	50	35	40	0	35	0	0	20	0	0	0	100	280	1,493	3,500	50,693
FS	Sawtooth, NRA, ID	50	50	40	40	35	20	20	20	0	5	0	0	280	400	2,000	52,693
NPS	Timucuan E & H Res, FL	50	35	40	0	35	0	0	20	0	0	0	100	280	100	1,500	54,193
FWS	Trustom Pond, RI	50	35	20	0	35	20	0	20	0	0	0	100	280	70	1,100	55,293
FS	Ocala NF, FL	50	50	40	40	35	20	20	20	0	0	0	0	275	532	4,000	59,293
BLM	Bruneau River, ID	50	35	40	0	35	20	20	20	20	10	15	0	265	160	40	59,333
BLM	Lower Salmon River, ID	50	35	40	0	35	20	20	20	20	10	15	0	265	1,568	1,200	60,533
FWS	Crystal River, FL	50	35	40	0	35	0	0	0	0	0	0	100	260	10	900	61,433
FWS	Minnesota Valley, MN	50	35	0	0	35	0	20	20	0	0	0	100	260	1,130	4,516	65,949
FWS	Pelican Island, FL	50	35	20	0	35	0	0	20	0	0	0	100	260	249	1,900	67,849

INTERIOR AND RELATED AGENCIES
FY 1990 Land Acquisition - by ranking
(dollars in thousands)

Bureau	Parcel	Criteria													No. of Acres	FY 1990 Cost	Cumulative Cost
		1	2	3	4	5	6	7	8	9	10	11	12	Total			
FWS	Tinicum Nat'l Envir Ctr, PA	50	35	0	0	35	0	20	20	0	0	0	100	260	100	1,000	68,849
BLM	Bizz Johnston Trail, CA	25	50	40	0	35	20	20	20	20	10	15	0	255	150	300	69,149
NPS	Cuyahoga Valley NRA, OH	50	50	0	0	0	20	0	20	0	10	5	100	255	175	3,500	72,649
FS	Humboldt NF, NV	50	35	20	40	35	20	20	20	10	0	5	0	255	5,950	1,400	74,049
FWS	James River, VA	50	35	30	0	35	0	0	0	0	0	0	100	250	3,500	2,000	76,049
BLM	Kings Range NCA, CA	25	35	40	40	35	0	20	20	20	10	5	0	250	600	500	76,549
BLM	Lomas/Santa Fe, MT	50	35	40	0	35	20	20	20	10	0	15	0	245	142	590	77,139
FS	Monogahela NF, WV	50	50	20	40	35	20	0	20	10	0	0	0	245	7,000	2,800	79,939
NPS	Santa Monica Mts. NRA, CA	50	50	0	0	0	20	0	20	0	0	5	100	245	3,059	21,530	101,469
FS	Flaming Gorge, NRA, WY	50	35	40	40	35	20	0	20	0	0	0	0	240	6	12	101,481
BLM	Overflow Wetlands HMP, NM	25	35	40	0	35	40	20	20	10	0	15	0	240	804	240	101,721
BLM	Owyhee River, OR & ID	25	35	40	0	35	20	20	20	20	10	15	0	240	1,500	1,320	103,041
FWS	Pettaquamscutt, RI	50	35	20	0	35	0	0	0	0	0	0	100	240	150	1,400	104,441
FWS	Steigerwald Lake, WA	50	35	20	0	35	0	0	0	0	0	0	100	240	190	722	105,163
NPS	Chattahoochee River NRA, GA	25	50	0	0	0	20	20	20	0	0	0	100	235	225	5,000	110,163
FS	Toiyabe NF, CA/NV	50	50	20	0	35	20	20	20	10	0	5	0	230	4,000	4,000	114,163
FWS	Blunt-nosed Lizard, CA	50	35	40	0	0	0	0	0	0	0	0	100	225	150	160	114,323
FWS	Eastern Shore, VA	50	35	20	0	0	0	0	20	0	0	0	100	225	220	200	114,523
BLM	El Malpais, NM	25	50	20	40	0	20	20	20	20	0	10	0	225	50,000	1,250	115,773
FS	Flathead W&SR, MT	25	35	40	40	35	20	0	20	0	10	0	0	225	800	1,500	117,273
FS	Inyo NF, CA	25	50	40	0	35	20	20	20	10	0	5	0	225	248	1,000	118,273
FS	Spruce Knobs-Seneca Rock, WV	50	50	20	40	0	20	20	20	0	5	0	0	225	700	500	118,773
FS	DeSoto NF, MS	50	35	30	40	35	20	0	0	10	0	0	0	220	800	700	119,473
FS	Green Mountain NF, VT	50	50	40	0	35	20	0	20	0	5	0	0	220	3,500	1,750	121,223
FWS	Lower Rio Grande, TX	50	35	40	0	35	20	20	20	0	0	0	0	220	8,000	10,000	131,223
BLM	Upper Missouri W/S River, MT	25	35	40	0	35	0	20	20	20	10	15	0	220	419	200	131,423
NPS	Congaree Swamp, SC	50	50	40	0	35	0	20	20	0	0	0	0	215	733	1,000	132,423
FS	Ouachita NF, AR	50	50	40	0	35	20	0	20	0	0	0	0	215	8,000	5,000	137,423
FS	Ozark NF, AR	50	50	40	0	35	20	0	20	0	0	0	0	215	3,500	2,000	139,423
BLM	Pariette Wetlands, UT	25	35	40	0	35	20	20	20	10	10	0	0	215	503	210	139,633
FS	Roosevelt NF, CO	50	50	40	0	35	20	0	20	0	0	0	0	215	320	960	140,593
FS	San Bernardino NF, CA	50	50	40	0	35	20	0	20	0	0	0	0	215	450	2,000	142,593
FS	Siuslaw NF, OR	50	50	40	0	35	20	0	20	0	0	0	0	215	186	2,500	145,093
FS	Wenatchee NF, WA	50	50	0	40	35	20	0	20	0	0	0	0	215	15	700	145,793
BLM	Big Hole River, MT	25	35	40	0	35	20	20	20	10	0	5	0	210	393	180	145,973

INTERIOR AND RELATED AGENCIES
FY 1990 Land Acquisition - by ranking
(dollars in thousands)

Bureau	Parcel	Criteria 1	2	3	4	5	6	7	8	9	10	11	12	Total	No. of Acres	FY 1990 Cost	Cumulative Cost
FS	Carson NF, NM	25	50	40	0	35	20	20	20	0	0	0	0	210	525	375	146,348
BLM	Colo R/Blk Ridge Canyon, CO	25	35	40	0	35	20	20	20	10	0	5	0	210	1,200	300	146,648
FS	Columbia R. Gorge,NSA, WA/OR	0	50	40	40	35	20	20	0	0	5	0	0	210	3,000	5,000	151,648
BLM	Fig Springs, AZ	50	35	20	0	35	20	20	20	10	0	0	0	210	640	210	151,858
BLM	Oregon Nat'l Trail, ID	25	50	0	40	0	20	20	20	20	10	5	0	210	1,600	405	152,263
BLM	Rio Chama, NM	25	35	30	0	35	20	20	20	10	0	15	0	210	1,020	350	152,613
BLM	Rio Grande, CO	25	35	40	0	35	20	20	20	10	0	5	0	210	280	70	152,683
BLM	Warner Basin, OR	25	35	40	0	35	20	20	20	10	0	5	0	210	15,000		152,683
FS	BWCA Wilderness, MN	0	50	40	40	35	20	0	20	0	0	0	0	205	10	500	153,183
FS	Osceola NF, FL	25	50	40	0	35	20	0	20	10	0	5	0	205	5,250	1,750	154,933
FS	Gallatin NF, MT	50	35	40	0	35	20	0	20	0	0	5	0	205	1,000	1,000	155,933
FS	Inyo NF, CA	25	50	40	0	35	20	0	20	10	0	5	0	205	317	400	156,333
FS	Lake Tahoe Basin, CA/NV	0	50	40	40	35	20	20	0	0	0	0	0	205	250	3,500	159,833
FWS	Trempealeau, WI	50	35	20	0	35	20	20	20	0	0	0	0	200	500	500	160,333
FWS	J.N. "Ding" Darling, FL	50	35	20	0	35	0	20	20	0	0	0	0	180	43	300	160,633
NPS	El Malpais, NM	50	35	0	40	0	20	0	20	0	0	0	0	165	3,500	3,500	164,133
NPS	Acadia NP, ME	50	50	0	0	0	20	20	20	0	0	0	0	160	233	1,000	165,133
NPS	Antietam NBP, MD	50	35	0	0	0	20	20	20	0	10	0	0	155	62	500	165,633
FWS	Ace Rivers Basin, SC	50	35	20	0	35	0	0	0	0	0	0	0	140	1,200	1,000	166,633
NPS	Big Cypress N Pres, FL	25	50	40	0	0	0	0	20	0	0	5	0	140	5,894	4,000	170,633
NPS	New River Gorge NR, WV	25	50	0	0	0	20	20	20	0	0	0	0	135	2,812	2,500	173,133
NPS	Delaware Water Gap NRA,NJ/PA	25	50	0	0	0	20	0	20	0	0	0	0	115	96	750	173,883
NPS	NP of American Samoa, Saipan	0	0	20	40	0	0	0	20	0	10	0	0	90	9,000	400	174,283
NPS	War in the Pacific, Guam	0	0	0	0	0	0	0	20	0	0	0	0	20	1	500	174,783
FWS	Cape May, NJ														500	1,000	175,783
FS	Hiawatha NF, Grand Is, MI														13,000	3,500	179,283
FWS	Lake Thompson, SD														5,000	1,000	180,283

Grazing Fees

Question: During the Presidential campaign last fall, then candidate Bush stated his strong support to continue the grazing fee formula contained in the executive order reestablishing the Public Rangelands Improvement Act (PRIA) fee formula, which was signed by President Reagan on February 14, 1986. Recently, however, BLM Deputy Director Roland G. Robison indicated that the Bush Administration would not oppose legislation introduced in the House which would increase grazing fees substantially. What is the current Administration position regarding grazing fees?

Answer: As was expressed in our letter to Congressman Vento on May 2, 1989, I am opposed to HR 775 and HR 1670. We support the continuation of Executive Order 12548 as Administration policy on grazing fees.

The 1966 Western Livestock Grazing Survey established $1.23 per Animal Unit Month as the fair market value of grazing on lands administered by BLM and the Forest Service. The process that determined this figure explicitly accounted for the differences between the costs of services and other non-fee factors provided on private lands but not on public lands, and then adjusted the private land lease rate to recognize these differences. The $1.23 has been used for the past 20 years as the fair market base value in formulas to calculate fees.

In practice, under the Executive Order formula which is the same as the formula required by PRIA, the fee increases when economic conditions improves and decreases when conditions in the livestock industry decline. We believe the formula has functioned as intended by Congress at the time of enactment.

Section 401(a) of the Federal Land Policy and Management Act of 1976 says that a fee for domestic livestock grazing will be established which is equitable to the United States and the holders of permits and leases. Section 2(b)(3) of Public Rangelands Improvement Act of 1978 says that it is a national policy and commitment to charge a fee for public grazing use which is equitable and prevents economic harm and disruption to the western livestock industry (Emphasis Added). Neither Act mandates that fair market value shall be received for livestock grazing on the public lands. The legislative mandate concerning grazing fees is that they will be equitable and I believe that the current formula provides this equitability.

Valid Existing Rights

Question: The Office of Surface Mining published in the Federal Register of December 27, 1988, a proposed rulemaking which attempts to clarify what constitutes valid existing rights to mine privately owned coal in locations where mining is otherwise prohibited by law. This proposed rulemaking has caused concern in my state based on the fact that the effect of this rulemaking could affect National Parks such as the New River Gorge in West Virginia. What is the status of this proposed rulemaking?

Answer: The public comment period extended from December 27, 1988 to April 24, 1989. During this time, in excess of 4,500 comments were received. The Office of Surface Mining Reclamation and Enforcement (OSMRE) is currently reviewing those comments. After OSMRE has completed its review of the public comments and provided a recommendation to me, I will review the available options to make a decision on how to proceed.

Question: Would you explain the statement made recently in a speech by Hilary Oden, BLM Assistant Director for Energy and Mineral Resources, which described one of your objectives as allaying "the perception that mineral development is not compatible with other land uses near national parks, or that it might jeopardize park values."?

Answer: This statement refers to a perception that the esthetic values of national parks are being damaged by multiple-use activities taking place on public lands immediately adjacent to these parks. The BLM performs an environmental analysis on every development activity it authorizes on the Public Lands to insure that environmental and esthetic values are protected. If there would be significant adverse impacts from such an activity, appropriate mitigating measures are developed and included as restrictions on the authorization for that specific activity. This is a vital component of BLM's multiple-use management program and the key to ensuring that mineral development can occur without damage to wildlife, recreation, visual, and other important resources.

In general, I am in agreement with this approach. If the Park Service brings specific compatibility issues to my attention, I will look at them on a case-by-case basis.

Abandoned Mine Land Inventory

Question: Let's turn to the Abandoned Mine Land Program. The Committee recognizes that historical coal production alone is not an accurate indicator of the States' mine reclamation requirements. Consequently, the Statement of the Managers that accompanied the Conference Report on the Interior and Related Agencies FY 1989 Appropriation Bill expressed strong support for using the inventory of high priority abandoned mine sites in determining the allocation to the States of the Secretary's discretionary share of the Abandoned Mine Reclamation Fund. Mr. Secretary, do you agree that the inventory should be a critical determinant in allocating the Secretary's discretionary share of the Abandoned Mine Reclamation Fund?

I would like the inventory review process to be completed as quickly as possible so that states will have a clear understanding of what funds will be available to them for abandoned mine reclamation work.

Answer: The inventory can be a tool in allocating the Secretary's discretionary share of the Abandoned Mine Reclamation Fund. However, as noted in the Conference Report on the Interior and Related Agencies FY 1989 Appropriations Bill, "Flaws in the development of the present inventory, however, make it impractical for use in its present form." For

this reason, and at the direction of the Conference Committee, a review of the inventory is currently underway and in FY 1989, allocation of the Secretary's discretionary share is based entirely on historic coal production. After the inventory review is complete at the end of this fiscal year, and the concerns of all parties have been addressed, I will be able to make a recommendation regarding the best method for allocating the Secretary's discretionary share of the Abandoned Mine Land Reclamation Fund.

Office of Territorial and International Affairs Organization

Mr. Secretary, I realize that the White House has not yet made a formal announcement regarding a nominee for the post of Assistant Secretary for Territorial and International Affairs. In fact, the Senate is still waiting for a nomination so that confirmation proceedings could then begin.

In any event, I understand that you have requested an evaluation of the Office of Territorial and International Affairs. As I understand it, you have have expressed some interest in the possibility of stationing more of the OTIA personnel in the territories, or in a location in closer proximity to the territories. I believe Senator Johnston has even shared draft legislative proposals with you regarding a reorganization.

Question: What is the status of the evaluation? Have you reached any conclusions?

Answer: I created a task group to look at the organizational structure of the Office of Territorial and International Affairs. Their recommendations have been passed on to the Assistant Secretary for Policy, Budget and Administration to prepare an implementation plan. The general conclusions were that there are some functions that can be moved to the Territories; that Guam is the best location to partially centralize those functions; and that the changes can be made without major increases in the administrative budget.

Question: What improvements do you believe such a reorganization would have for relations with the territories and freely associated states?

Answer: I believe that the recommended changes will improve communications with the governments, by giving them greater input into administrative processes such as the budget and Federal program coordination. Our responsiveness to territorial needs and problems should also improve.

Question: I would appreciate your keeping the Committee informed of your appraisal of this situation, including copies of any formal reports.

Answer: We will keep the Committee informed and provide copies of formal reports when they are available.

Question: Mr. Secretary, as you know, the Subcommittee reprogramming guidelines address the issue of reorganizations. In order to preclude problems down the road, I would like to remind you that these reprogramming guidelines require that the Subcommittee be

consulted prior to implementation of any reorganization. I reiterate this point, because this is one instance, if a reorganization is to be considered, where I believe significant dollar impacts would result. I would appreciate your keeping the Subcommittee informed of any future developments.

Answer: I have become familiar with the reprogramming guidelines, particularly with respect to reorganizations. You may be assured that I will take no steps to reorganize the Office of Territorial and International Affairs without keeping the Subcommittee informed in accordance with the reprogramming guidelines.

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Appalachian National Scenic Trail

Question: I wrote to you on March 3rd and again on April 19th asking you to formally review and re-evaluate the easement granted by Killington Limited ski area for the Appalachian National Scenic Trail and the Finding of No Significant Impact (FONSI) regarding potential ski area developments in the Trail corridor.

I received a reply yesterday from Ms. Becky Norton Dunlop, whom President Reagan appointed Assistant Secretary for Fish and Wildlife and Parks. During the Reagan Administration, Ms. Dunlop was remarkably insensitive to the problems of expediting land acquisition to complete the Trail corridor and maintaining a consistently high degree of resource protection within it. I am quite concerned that a holdover appointee from the Reagan Administration is still making these kinds of decisions for the more environmentally-sensitive Bush Administration.

When will you respond personally to my request to formally review and re-evaluate the easement terms and FONSI?

Answer: I responded to your requests regarding the Appalachian Trail in my letters of May 4th and June 2nd, copies of which are attached.

[LETTERS FROM THE SECRETARY OF THE INTERIOR]

Honorable Patrick Leahy
United States Senate
Washington, D.C. 20510

May 4, 1989

Dear Senator Leahy:

I am writing pursuant to our May 2 discussion of your letter of March 3, 1989, regarding the easement agreement between the National Park Service (NPS) and Killington, Ltd.

The 1989 agreement between NPS and Killington, Ltd. is the result of five years of negotiation and extensive public comment and internal review including that of the Solicitor's Office. As you know, NPS signed an agreement with Killington, Ltd. in 1983 which, in NPS' professional judgment, adequately protected the Trail while reserving certain rights to Killington, Ltd. An agreement that was substantially more restrictive of development was reached in 1985; for example, the number of ski trails

crossing the Appalachian Trail was reduced from 8 to 2. The 1989 agreement to which you refer is more restrictive than that reached in 1985. This record clearly indicates that the Trail is being adequately protected in the judgment of those charged with assuring such protection.

With regard to your concern that this agreement sets a precedent by "allowing development" in the corridor, NPS has consistently sought to balance the protection of the Trail with uses in the area.

The Director of the National Park Service further advised me in an April 11, 1989, memorandum that he found no impropriety in the process that resulted in the 1989 agreement.

I very much appreciate your interest in this matter and I want to reassure you that we remain committed to appropriate protection of the Appalachian Trail. I believe the record indicates we have done that at Killington.

I look forward to working with you on other issues of mutual concern.

Sincerely,

Manuel Lujan Jr.

Honorable Patrick Leahy
United States Senate
Washington, D.C. 20510

June 2, 1989

Dear Senator Leahy:

Thank you for your letter of May 16 regarding the releasing of documents that were withheld by the National Park Service (NPS) regarding the execution of an easement agreement between the NPS and Killington, Ltd.

We are enclosing the 28 documents listed in your letter in the order as they were requested. We would like to clarify that the February 16, 1989, Freedom of Information Act (FOIA) request was made to and responded to by the Director of the National Park Service, not the Solicitor's Office.

There are two important matters that you should be aware of concerning the easement agreement. First, the NPS decision to withhold 28 documents is under appeal and the Department has until June 13, 1989 to make a decision concerning the withholding of these documents. Obviously, the Department could release all or part of the documents as a result of the appeal.

Second, the Department received service of process on May 25, 1989, notifying us that a lawsuit has been filed by the Appalachian Trail Conference and others regarding the easement and relocation of the Appalachian Trail. ATC v. Lujan, Civil No. 89-152, D. Ct., Va. In light of these two matters, we wish to make clear that our disclosure of the 28 documents is done, specifically in response to your congressional request. We do not intend this disclosure to waive any exemptions under the FOIA. We must reserve any claims of privilege that we may have with respect to the admissability of any of these documents in response to the civil litigation discovery.

We appreciate your interest in this matter. My staff is available, if you so wish, to provide a briefing for you.

Sincerely,

Question: When will you provide an opportunity for Vermonters and others interested in the Appalachian National Scenic Trail to review and comment publicly on the terms of the easement and their impact on the Trail corridor?

Answer: I am advised that the agreement is the result of 5 years of negotiation that included the opportunity for extensive public comment. The most recent opportunity for public comment occurred in 1985 following issuance by the National Park Service of a supplemental Environmental Assessment dealing with Appalachian Trail protection alternatives at Killington. The Record of Decision issued by the National Park Service in January 1989 included a Finding of No Significant Impact indicating that an environmental impact statement would not be prepared. The Director of the National Park Service advised me on April 11th that there has been ample public involvement in the process which led to this decision. He further advised me that additional public review would not produce a different result.

Question: The Appalachian National Scenic Trail program represents one of the most successful federal land acquisition programs and public/private partnerships ever implemented.

Since the National Trails Act was passed 20 years ago, the National Park Service and U.S. Forest Service have made remarkable progress in establishing a continuous greenway surrounding this 2,100 mile footpath. The Park Service has acquired more than 1,700 parcels in 11 states, including many natural and scenic resources in Vermont. One reason for the success of this program has been a consistently high standard of resource protection within the Trail corridor or greenway. Yet, the easement between the Park Service and Killington Limited appears to permit an unprecedented level of development within the proposed Trail corridor, including ski lifts and lift terminals, snowmaking equipment, and an unlimited number of ski trails, in an area that is presently remote, heavily forested, and quite scenic.

Mr. Secretary, how do you reconcile this level of development within the Appalachian Trail corridor with the protections Congress intended in authorizing and appropriating funds to preserve the nationally significant resources along the Trail?

Answer: As noted in my May 4th letter the easement strikes a balance between protection of the trail and uses in the area.

Question: Are you concerned by the fact that the easement agreement was signed by Killington Limited on January 19 and executed by the National Park Service on January 24; within the transition period between administrations?

Answer: No. The negotiations and findings were made by career professionals.

Question: Acquisition of this particular Trail corridor segment has been of great interest to the public since 1983. Further, there has been considerable controversy surrounding the case. Are you aware that the

terms of the easement were accepted without benefit of public review and comment?

Answer: As I previously stated there has been substantial public review and comment.

Question: A number of conservation organizations have submitted a Freedom of Information Act (FOIA) request to determine how and why the terms of the easement and the Park Service's decision to accept them was made. As a member of the Judiciary Committee, I believe strongly in the FOIA process.

After a delay of more than two months, the Department responded to the FOIA request by electing to withhold substantial amounts of information relating to negotiations among various representatives of your Department and agents of Killington Limited. This intransigent response is tantamount to stonewalling the FOIA process.

Your Department's response to the FOIA request did not include communications between the Park Service and other offices of the Department, including the office of the Assistant Secretary for Fish and Wildlife and Parks and the Solicitor's Office. Are these offices typically involved in the chain of command for decisions on easements such as this?

Answer: My June 2nd letter to you addresses the FOIA issue.

Question: I am very concerned that there are apparently two administrations in Washington at this moment. President Bush and a relative handful of people formally appointed and confirmed by the Senate are the official administration. The hold-overs from the Reagan administration are an unofficial administration; no longer accountable to the President who appointed them or to the Senate who had no opportunity to confirm them. Yet these hold-overs have the authority to make decisions with serious consequences for our nation's precious land and water resources. Further, they then decline a Senator's request to review their decisions and cover up the process whereby they made a decision by stonewalling a Freedom of Information Act request.

Mr. Secretary, will your formal review and re-evaluation of the easement and FONSI between the National Park Service and Killington Limited be conducted by an appointee of the more environmentally-sensitive Bush Administration and will it cover all the topics listed in my letters of March 3 and April 19?

Answer: The position of the Department of the Interior is outlined in my May and June correspondence to you. We are currently in litigation to defend that position.

QUESTIONS SUBMITTED BY SENATOR DENNIS DECONCINI

Indian Water Rights Settlements

As you know Mr. Secretary, over fifty lawsuits are now pending before state and federal courts to resolve disputes over tribal rights to water flowing on or past Indian reservations. Litigation is costly, time consuming, uncertain in outcome, and once decided, can displace existing water use and provide only paper rights, not "wet water". The prolonged uncertainty clouds the validity of water rights for Indians and non-Indians alike. This forestalls investments based on the availability of, and rights to water, thus hurting tribes, businesses, states and the nation.

As a result of this pending litigation, the previous administration undertook an aggressive program to negotiate settlements for the outstanding Indian water claims throughout the west. Mr Secretary, I complement you for your willingness to continue with these efforts.

Last congress, three settlements were enacted into law -- the Salt River Pima-Maricopa in Arizona, San Luis Rey in California and Colorado UTE in Colorado. These settlements anticipated federal funding in FY 90 of $76 million. However, in the FY 90 Budget request, there is only $15 million.

Throughout the west there remain many outstanding Indian water rights disputes, several of which could be resolved in the near future. However, the underfunding of the recently completed negotiated settlements is causing the non-federal participants in these negotiation to question the credibility of the U.S. Government to meet its obligations. It is important to remember that these negotiated settlements save the U.S. taxpayer money in the long run because reaching out-of-court agreements ultimately reduces the United States legal exposure.

Question: Mr. Secretary, to what degree do you consider it an obligation of the United States to resolve outstanding Indian water rights claims?

Answer: To the extent that Indian Reserved water rights are identified, the Secretary of the Interior, as trustee of the water resources of Indians, should pursue resolution of all Indian water rights claims in a deliberate manner and then push to have these agreements put into effect. In some cases, we are long overdue in addressing these legitimate claims. However, resolving Indian water rights issues is usually complex and involves non-Federal and Federal parties, other than the Department of the Interior. Resolution often implies cooperation and good faith negotiation by all parties involved, and it is for this reason that I favor negotiated settlements rather than adjudicated or legislated settlements.

Question: What do you anticipate the effect of underfunding these Indian water rights settlements to be on future negotiations?

Answer: We expect to continue to work toward settlements of legitimate Indian water rights claims to which the Federal Government is a party. It is important, however, for negotiators to be realistic in their expectations, particularly when budgets are highly constrained at the Federal, State and local levels.

The three recently enacted water rights settlements (Salt River, AZ; San Luis Rey, CA; and Colorado Ute, CO/NM) authorize the Federal Government to provide $113 million in FY 90 and an added $ 168 million through FY 1991 - 1994. For the foreseeable future, such authorizations will be difficult to fully fund and will make it even more difficult to finance other meritorious water settlements.

Regarding the Salt River Pima-Maricopa Settlement, my understanding is that the agreement could be null and void on December 31, 1991, in the event of either:

- the absence of full funding, or
- non-accomplishment of several provisions including modification of the settlement agreement where it conflicts with the legislation.

Question: Would you consider it a disincentive for tribes to proceed with negotiating future water rights settlements if they are funded by a reorientation of the Bureau of Indian Affairs Budget at the expense of Other Indian programs?

Answer: Yes, if that is in fact the case. However, budgeting for Indian water rights settlements should be treated in the same manner as budgeting for other Federal programs. Such settlements should compete with other important funding priorities within the Department of the Interior as well as elsewhere in the Federal Government.

Question: Would you not agree that if these disputes proceed to judgement, funds for the damages found against the United States would come off budget through the Department of Justice settlement fund, and therefore, possibly increasing the legal exposure of the Federal Government?

Answer: Claims against the Federal Government that proceed to final judgement are usually funded from the Department of Treasury's Claims, Judgments and Relief Acts Fund. This fund is not "off budget" inasmuch as expenditures from it increase the Federal budget deficit. The issue as we see it is the total costs to the Federal Government, not the account from which the settlement is funded.

Question: Do you anticipate the Administration increasing the amount of funding requested to meet the obligations in the negotiated Indian water rights settlements passed by Congress last year?

Answer: The part of the budget that would fund the three water rights settlements in question is in the residual, non-defense discretionary category. Consequently, the issue of how much FY 1990 funding will be allocated to the settlements will be one of the many that the Administration will review and negotiate with Congress as the budget process proceeds.

Question: If not, would the Administration oppose this Committee's effort to restore the funding required to meet the federal obligations negotiated in these settlements?

Answer: If additional funding can be provided within the limits of the bipartisan budget agreement, we would not be in opposition.

Question: What is your opinion about establishing a separate trust fund for water and land settlements outside the BIA's regular funding scheme as proposed by the Select Committee on Indian Affairs?

Answer: We would be willing to discuss such a fund, but not off budget, for settling Indian water rights claims. As important as these settlements are, they must be balanced with the other competing priorities of the Federal Government in the annual budget and appropriations process.

QUESTIONS SUBMITTED BY SENATOR HARRY M. REID

Conservation Leadership

Mr. Secretary, you just entered a position extremely important to American Conservation. You administer programs and natural resources Americans value very highly. Management and use of these resources are conducted as a matter of public trust for all Americans, those here today and for future generations. And as we saw in Prince William Sound, this trust can be betrayed and with terrible consequences.

So now we look to you Secretary Lujan, for conservation leadership. You have a tremendous job ahead of you, and one that is different than previous Secretaries of the Interior. For American values are changing regarding publicly-owned natural resources. They want a different balance among the natural resource programs. Citizen priorities for wildlife, fish, recreation, and watershed protection are at an all time high. They want far less contamination of the environment. They want management of public lands to embrace a richer set of objectives.

I look forward to working closely with you to achieve these goals. You have a very competent and professional staff in the Department. I want to help ensure you have the Congressional backing to make their skills come alive.

Wetlands Loss

Question: In the United States were have lost over 55% of our wetlands since European settlement. This loss continues at an alarming rate. President Bush has said he wants to emphasize conservation, and he stated he wants: "no net loss of wetlands". What specific steps will the Department of Interior take to implement this policy of no net loss of wetlands?

Answer: The Department fully supports the President's goal of no net loss of wetlands. An interagency task force on wetlands was established on May 23, 1989, under the auspices of the Domestic Policy Council. The task force will address wetland policy issues, consider strengthening and reissuing the executive order on wetland protection, and examine existing laws and regulations dealing with wetland

conservation. The Department will be an active participant on the interagency task force.

The Department has many on-going activities that contribute to achieving the goal of no net loss of wetlands. For example, the Fish and Wildlife Service provides technical assistance to both private landowners and public agencies on techniques to minimize wetland losses. The Service also carries out a wetlands restoration and enhancement program that has restored nearly 16,000 acres of wetlands in 1988. The National Wetlands Inventory project has developed the sole statistically significant wetlands data base in the nation. This project reported on the status and trends of wetlands from the mid-1950's to the mid-1970's. An update on the status and trends of wetlands losses is planned for 1990. All these activities contribute directly to implementation of the President's no net loss of wetlands goal by providing a data base to measure progress toward the goal; by minimizing losses of wetlands; and by restoring and enhancing wetlands.

Other significant wetland-related activities include implementation of the North American Waterfowl Management Plan; land acquisition form sale of "duck stamps", as approved by the Migratory Bird Conservation Commission where $33.0 million is estimated for fiscal year 1990; working with the Department of Agriculture and farmers on wetlands easements as authorized by the Farm Bill; and being one of the primary wetland advisors to the Corps of Engineers and the Environmental Protection Agency under section 404 of the Clean Water Act.

Question: We have a very serious need in Nevada. The Stillwater National Wildlife Refuge wetland acreage has gone from between 40,000 and 50,000 acres ten years ago to 3,000 acres today. This wetland is a major habitat for the Pacific Flyway waterfowl population. Up to 250,000 ducks, 13,000 swans, and 10,000 geese, including over 50% of the Pacific Flyway fall canvasback population, use the Stillwater refuge. The Stillwater wetlands are included in the North American Waterfowl Management Plan. However, the loss of wetland acreage and the toxicity of the remaining water are now causing waterfowl and fish deaths and overall populations to decline. The State of Nevada has termed this wetland loss the greatest natural resource disaster in Nevada in this Century.

The Department of the Interior proposes to annually divert about 47,000 acre feet of water from going into the Stillwater wetlands and this proposal will make the current remnant size of the wetlands permanent. However, citizens and agencies have worked together to cooperatively buy water for Stillwater. It has been very hard work and this needs to continue. Last year, Congress appropriated $1.2 million to begin water purchase. I plan to push for increased appropriations in 1990 for water purchase. To save the wetlands, we will need full cooperation and active support from the Department of the Interior.

What support will we get from the Department of the Interior and will the Department work to mitigate the effects of wetland losses at Stillwater?

Answer: The Department is pursuing several initiatives designed to mitigate wetland losses at Stillwater. All of these initiatives must be coordinated with other existing duties of the Department on the Truckee and Carson Rivers. As you know, competition for the water in the area's desert environment is intense and growing. This has led to a multitude of litigation over the waters of these two rivers. In 1973, in the case of Pyramid Lake Paiute Tribe of Indians v. Morton, the court recognized three major factors that controlled my action in this region: 1) the Secretary's contact with the irrigation district to supply the Newlands Project with irrigation water, 2) fulfillment of court decrees allocating water on the Truckee and Carson Rivers, and 3) trust responsibilities to the Pyramid Lake Paiute Tribe of Indians. In addition, the Endangered Species Act protects the cui-ui sucker, a fish inhabiting the lower Truckee River and Pyramid Lake. Efforts to mitigate the wetlands problems must be made in consideration of these and other court-imposed considerations.

In an effort to mitigate the problems at Stillwater, Congress authorized an expenditure of $1.2 million for the acquisition of water rights at Stillwater. The Draft Environmental Assessment on this project was released in April 1989. The Department is currently taking steps to ensure that ample legal authority exists for all aspects of water acquisition and delivery. This presents a novel question at this project, because the project was not specifically authorized as a wildlife protection project. Given the level of interest in the project, additional requests for water rights acquisitions are anticipated.

The Fish and Wildlife Service is also currently utilizing flood damage-related construction funding, remaining from the Fiscal Year 1987 appropriation, to improve the condition of water control structures, dikes and levees within the Stillwater Wildlife Management Area. This program will improve the efficiency of water management.

In addition, Departmental agencies are participating in a multi-agency evaluation of the feasibility of providing Lahontan Valley Wetlands with wastewater from the Reno-Sparks treatment plant. A July 1988 reconnaissance report concluded that such action was technically feasible and economically competitive. The Environmental Protection Agency is leading the effort to explore the environmental implications of the proposal.

Question: Does the Department of Interior 1990 budget proposal include any funds for restoration of the Stillwater wetlands and elimination of the toxicity problems at Stillwater?

Answer: Although the Department's 1990 budget proposal does not include direct funding for restoration of wetlands and toxicity problems at Stillwater, there are several initiatives underway or planned that will facilitate resolution of toxicity problems at Stillwater. The Department's Irrigation Drainwater Study is in its final stages and field work will be completed in Fiscal Year 1990. The toxicity of specific drains entering Stillwater is being addressed through a joint-agency project now underway.

The Bureau of Reclamation is pursuing additional soil trace element studies in the Newlands Project to better understand the role of irrigation

in drainwater contamination. The Fish and Wildlife Service is proposing studies to document the drainage patterns and the most serious additional contaminant sources. Results of these studies will facilitate decisions regarding which lands to acquire so as to yield the greatest benefits. The Service has also designed a long-term contaminant monitoring protocol for the Wildlife Management Area that will allow managers to document effects of various water management regimes on contaminant levels. This project will evaluate the contribution of additional freshwater toward the reduction of contaminant loads.

Question: Regarding wetlands, the North American Waterfowl Management Plan was signed by the U.S. and Canada on May 14, 1986. This plan is in response to the disastrous decline in wetlands, and consequently a steady and alarming reduction in waterfowl populations. What will the Department of the Interior do in 1990 to help implement this waterfowl management Plan?

Answer: Plan implementation in 1990 will be focused in two areas. The first area will be the support and implementation of the activities identified in association with the Plan's 6 high priority joint venture areas (Central Valley, Prairie Pothole Region, Lower Mississippi Valley, Western Gulf Coast, Atlantic Coast, and the Lower Great Lakes/St. Lawrence Valley). This will include staff support, travel, planning development and task implementation. Plan development includes the identification of involved parties and their assigned responsibilities. State and project planning identifies specific tasks at the State and project levels for protection/enhancement of a specific site. Tasks scheduled for implementation in 1990 include technical assistance to private landowners for wetland restoration, demonstration projects for private landowners, and the development of information and education products.

Additionally, the Department is cooperating with the National Fish and Wildlife Foundation in utilizing a $2.0 million FY 1989 appropriation, $4.0 million in non-federal matching funds secured by the Foundation, for acquisition and enhancement activities in Canada, and will utilize an estimated $33 million form the Mitigatory Bird Conservation Fund in FY 1990 for the acquisition of wetlands to help implement the plan.

The second area of focus will be to improve the data bases vital to population management of waterfowl. Changes in distribution and abundance of nesting and wintering waterfowl require an expansion and refinement of current survey activities. The Office of Migratory Bird Management will improve surveys, increase banding programs, and enhance data management/analysis to provide expanded support to joint venture programs.

Effects of Oil Spill

Question: The Exxon Valdez oil spill has caused great environmental damage in Alaska. Many federal statutes have been allegedly violated. Early findings show sea mammals, migratory birds, fish, and other animals and plants have died in alarming numbers, including bald eagles, sea otters, ducks, and diving birds. Millions more migratory birds are on their way to the spill area. What will the Department of Interior do in

1990 to enforce the Bald Eagle Act, Endangered Species Act, Migratory Bird Treaty Act, and other applicable federal laws relative to the Exxon Valdez oil spill?

Answer: During the immediate response activities after the oil spill from the Exxon Valdez occurred, the federal government's primary enforcement focus was on potential claims under Superfund and the Clean Water Act. However, as further information is gathered on the impacts of the spill to fish and wildlife resources, the Interior Department will be developing proposals for appropriate enforcement action under the Bald and Golden Eagle Protection Act, 16 U.S.C. § 668 et seq., the Endangered Species Act, 16 U.S.C. §§ 1531-1543, the Marine Mammal Protection Act, 16 U.S.C. § 1361 et seq., the Migratory Bird Treaty Act, 16 U.S.C. § 703 et seq., and other applicable federal laws. If proposals for enforcement actions are determined to be appropriate, the Department would be prepared to pursue such action by FY 1990.

Navajo Power Plant

Question: The National Park Service has reported that the Navajo Power Plant at Page Arizona emissions are causing substantial visibility impairment in the Grand Canyon and surrounding acres. The Clean Air Act requires installation of best available retrofit technology in reducing emissions. The Western Area Power Administration is part owner of the Navajo project, an Administration you have supervisory authority over. What degree of emission control is necessary to remedy the problem and are you requesting funds and planning actions to help implement this control?

Answer: First, let me state that I support clean air for Grand Canyon NP. The issue is not whether to have clean air, but how best to achieve that goal at Grand Canyon NP. During early 1987, in conjunction with the Environmental Protection Agency (EPA) and others, including representatives of the electric utility industry, the National Park Service (NPS) conducted the Winter Haze Intensive Tracer Experiment (WHITEX) to assess the feasibility of attributing wintertime visibility impairment at the Grand Canyon and certain other NPS units to the Navajo Power Plant. In a draft special report based on WHITEX, the NPS recently stated that the Navajo Power Plant may be contributing as much as 70 percent of the visibility impairment in the Canyon at certain times during the winter months. A number of reviewers of that report, including the Bureau of Reclamation, which like the NPS is under my supervision, have expressed concern about whether the report's conclusions are supported by the data collected.

Reclamation holds entitlement to 24.3 percent of the output from the Navajo Power Plant. This share of the output is a source of pumping energy for the Central Arizona Project. The remainder of the power produced by the plant is distributed among various Southwestern U.S. power companies.

Reclamation is working with the NPS, EPA and all other interested parties in determining if emission control is necessary to protect the Class I Grand Canyon air shed and, if so, to what degree. The EPA is under

court order to make a determination by August 31, 1989, as to whether the Navajo Power Plant is or is not a major contributor to visibility impairment in the Grand Canyon. If the determination is that Navajo Power Plant is a major contributor, then a "best available retrofit technology" (BART) assessment must be conducted. That assessment will include a benefit analysis as well as a cost analysis. Reclamation and the operating agent for the plant, the Salt River Project, have requested EPA to ask the Court for a delay to allow more time to address concerns they have about whether potential remedies will result in significantly cleaner air.

There are too many uncertainties regarding this issue at the present time to be seeking appropriations. The NPS draft report will be subject to normal scientific review. If its conclusions are upheld, and if EPA's BART assessment concludes it necessary, the Department would expect to take action to eliminate or reduce the sources of emissions causing visibility impairment. I am continuing to follow this issue closely, and I am prepared to move quickly to protect this National Park when the technical experts reach a consensus regarding the needed course of action.

African Elephant

Question: On February 16, 1989, a coalition of organizations petitioned the Department of Interior to emergency list the African elephant as an endangered species. Approximately 90,000 elephants are killed each year and the elephant has declined over 50% since 1978 when the elephant was classified threatened. What steps is the Interior Department taking to list the species as endangered and to stop the population decline?

Answer: The Fish and Wildlife Service will soon publish a Federal Register notice announcing that sufficient evidence exists that the reclassification of the African elephant to "endangered" may be warranted. The next step in the process to determine whether the elephant should be reclassified is to conduct a status review and call for public comment. Under the African Elephant Conservation Act, the Service has banned the importation of ivory from 78 countries that are not members of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and from Somalia, and has banned importation form all countries, except for sport hunting trophies from certain countries. The Service has requested information from all 34 ivory-producing countries.

The Service has proposed the African elephant be transferred for reclassification purposes from "Appendix II" of the CITES list to Appendix I at the next full meeting of party nations in October 1989. Such a listing would ban all international commercial trade in ivory.

Question: Is the Interior Department taking steps to save the African elephant?

Answer: The Department is taking appropriate actions to save the elephant. However, it must be emphasized that we have only limited ability to do so, given that almost all of the African range countries are

very poor and have limited resources to protect their elephants, and that, although the U.S. was a substantial importer of ivory, a number of other countries have a great impact on the ivory trade. It will take cooperation between African range states, which produce the ivory, and Asian consumers, like Japan which consumes up to 75% of ivory exports from Africa, to stop the excessive trade.

Question: Is the Department acting to list the elephant as endangered? If not, why not?

Answer: As stated above, the Service is conducting the review process to secure the best possible information and to make a status determination as soon as practicable.

Question: Does the Interior Department 1990 budget proposal include any funds authorized by the African Elephant Conservation Act?

Answer: The Fish and Wildlife Service's FY 1990 budget request contains $75,000 for the African elephant under the Endangered Species Act. No other funds are requested.

Humane Transport Regulations

Question: It has been estimated that millions of wild birds, mammals and other animals die each year while being transported for eventual sale. The 1981 Lacey Act amendments mandated that the Interior Department promulgate humane transport regulations for animals entering the US. These regulations are now in effect. What is your assessment of the current enforcement of these regulations and what problems continue to exist due to lack of additional enforcement?

Answer: The present regulations have been in effect since January 10, 1988. When these regulations were published as a final rule, the air transportation industry raised several problems involving compliance with the detailed and complex requirements of the regulations. In an effort to resolve these issues, the U.S. Fish and Wildlife Service attempted to withdraw the final rule before the effective date of the regulation. However, the Service's withdrawal notice was published after the effective date of the regulations. In response to a lawsuit filed by private animal welfare groups, the Service's withdrawal notice was determined to be in violation pf the Administrative Procedures Act and therefore invalid. The final rule remained in effect.

The Service has determined that it should review the entire humane shipment regulations and attempt to resolve the problems that industry had identified. However, in the interim, the Service has determined that it would enforce the spirit of the current regulations. Therefore, if a shipment arrives for importation in which live wildlife has been obviously transported under inhumane conditions, the Service takes appropriate action. However, the Service does not enforce what are basically technical violations of the current regulations which do to result in inhumane conditions for the wildlife involved, such as minor discrepancies in the size of shipping containers.

Endangered Species Listing

Question: The Secretary of the Interior has the responsibility to list species as endangered or threatened. Currently, there are more than 900 species of plants and animals in the U.S. that the Fish and Wildlife Service believes warrant listing. An additional 2,900 species have been identified that may warrant listing, but there is inadequate information to make a determination. At the present level of funding, the Service is able to list only about 55 species per year. At this rate the Service will take about 70 years to complete examinations of just the species needing evaluations at this time. Does the Department have a need to complete these evaluations earlier, and if so, what would be required to do this?

Answer: The Department considers the evaluation of species that are candidates for listing as endangered or threatened to be of vital importance in fulfilling its responsibilities under the Endangered Species Act. Our strategy in accomplishing this within the available resources has been to attempt to survey and list species in order of the severity of threat to their survival, as reflected in the Fish and Wildlife Service's listing priority system. Nevertheless, there is no question that some species experience significant decline and may be at risk of extinction before they can be listed. It would thus be desirable to expedite surveys of candidate species and list those that prove to require legal protection. On average, surveying and listing a species costs about $60,000. This is a matter that I am going to review in the FY 1991 budget.

Question: Do you have a plan outlining these needs?

Answer: The Fish and Wildlife Service has attempted to reduce the cost per species listed, and thus increase the overall efficiency of the evaluation process, by addressing species status surveys and listings in ecological groupings whenever this is possible. An increasing number of species listings over the recent years have been those "ecosystem" packages, which not only contribute to increased efficiency of the listing process, but should result in more appropriate management of affected ecosystems after listing because the needs of all the species involved will be considered in developing recovery strategies. In a related strategy, the Service has sometimes contracted with the Nature Conservancy to provide status information on several candidate species over fairly broad geographical areas. The regular publication of notices of review for candidate species is also intended in part to solicit status information on a voluntary basis that can contribute to the setting of listing priorities and help ensure that unacceptable losses to candidates do not occur.

Fish and Wildlife Foundation

Question: The National Fish and Wildlife Foundation is now a major force in American conservation. Many needed and highly successful projects and cooperative ventures have resulted. The Foundation is operating in close coordination with the Department of Interior. Due to the Foundation's efforts, federal dollars have been leveraged into matching private funds and cooperation to complete major conservation work. More work is done than can be accomplished by Federal dollars alone. This serves as an example of President Bush's policy of active

involvement and reliance on the private sector in achieving America's goals. The Foundation has initiated major projects in close cooperation with 18 national conservation organizations, 33 State agencies, six federal agencies, as well as with Canada, Mexico, and Tanzania. However, the President's 1990 proposed budget eliminates funding for the Foundation.

If funding is provided by Congress, like I am hoping it will be, will you Mr. Secretary give your full support to the Foundation and continue its valuable work in conservation and emphasis of the partnership between private enterprise and the Federal Government?

Answer: Yes, if funding is provided within an appropriation bill consistent with the Bipartisan Budget Agreement, the Department will continue its partnership with the Foundation and support its work in implementing the North American Waterfowl Plan, leadership training and continuing education and other priority fish and wildlife projects.

Bureau of Reclamation

Question: Mr. Secretary, there are concerns about the role of the Bureau of Reclamation in today's water management. As local water conservation districts take over the management of the various projects, what role do you foresee for the Bureau of Reclamation?

Answer: The Bureau of Reclamation has throughout this century played a major role in water resources development in the West. In 1987, responding to a request by my predecessor, Reclamation assessed its program and recognized that it must change its primary orientation from one based on federally supported construction to one based on resources management.

Reclamation recognizes that its future planning must take a broader view of water problems and the spectrum of opportunities to resolve them with an emphasis on non-structural solutions to water resource management problems. Construction with significant non-Federal financing will still be required in support of resources management objectives. Reclamation will focus on such areas as basin-wide studies to increase outputs from existing projects, protect and enhance wildlife, enhance and develop wetlands, resolve Indian water resource issues, conserve groundwater resources, and clean up hazardous wastes. The Federal government has many outstanding commitments to western states and their citizenry relating to water resources development. I believe it is quite important that we meet such commitments.

Where needed, Reclamation will have a continuing role in the operation and maintenance of water resource projects. As you note in your question, most projects are now operated by the users. For those projects where direct responsibility for operation and maintenance has passed to the users, Reclamation has the continuing responsibility to oversee repayment of the portion of the Federal investment that is reimbursable. Reclamation also carries out an inspection program on project facilities, including follow-ups, to ensure that the Federal investment is protected and that all project facilities, particularly dams, are maintained and operated safely.

In the next decade or two we could be facing a crisis in water similar to the one faced in oil a few years ago. The Bureau of Reclamation will be ready to help us face that crisis.

Question: Should we consider reorganizing that role into the private sector or, do they have a role to play in America's future?

Answer: The Department's policy is to support the private sector in accomplishing functions whenever feasible. In the case of completed Reclamation projects, for instance, of the 238 projects providing services in 1987, 174 were operated by the private-sector users of the project services through various types of associations and 39 were operated jointly with the users. Reclamation is the sole operator of only 25 projects.

Reclamation will continue to seek out and promote opportunities for private sector involvement and look to the individual States and local units of government to take the lead responsibility for water resources management. I do not believe, however, that we could devise any sort of realignment of responsibilities that would totally replace Reclamation's role in water resources management. I believe the Federal government's direct responsibilities and historic ties to water resources management in the West are far too broad and involved to entrust that function totally to a private sector entity.

Bureau of Indian Affairs

Question: The President has said that his Administration is going to be known as the Education Administration. The Bureau of Indian Affairs is the only agency with responsibility for the education of the American Indian. How are you going to support the education of the Indians?

Answer: One of the main points in the STEWARDSHIP agenda that I have set for the Department is education. I have also included BIA education as one of my nominated objectives under the new Presidential Management by Objectives (MBO) system that is presently being established by the White House. I also have ask other Bureaus within the Department to identify specific commitments which they are willing to make to enhance Indian education. Finally, I am asking Secretary Cavazos to join me in convening a conference on Indian education that would dynamically focus attention on the status of Indian education and have as its goal identifying critical educational problems facing Indians and making recommendations for improvements. I also expect to present a number of funding initiatives in the FY 1991 budget.

Question: What are you going to do to meet the needs for new construction, operation and maintenance, and immediate repairs of existing facilities?

Answer: Since 1978, the Bureau of Indian Affairs' facilities programs have been overseen by the Office of Construction Management (OCM), as directed by Congress. OCM, working with BIA facility managers, has addressed a number of improvements in the management and efficiency of the Bureau's facilities program and is responsible for insuring

that major program objectives established in the FY 1987 Conference Report (99-1002) are being implemented.

In carrying out these responsibilities, priority setting procedures for soliciting, evaluating, validating and ranking new school construction applications have been established and published in the Federal Register in April, 1988. Based on this priority system, funds are requested in FY 1990 for new school construction at the Laguna Middle School in New Mexico and at the Pine Ridge High School in South Dakota. The Department will continue to utilize this priority setting system for new construction projects in future years.

OCM has developed, together with BIA education and facilities managers, an allocation formula for the equitable distribution of appropriated facilities operation and maintenance (O&M) funds. Implementation of the formula is scheduled to begin in FY 1990. Based on consultations with Tribal representatives and briefings with other interested parties, there is general agreement that the formula will produced increased equity, will more closely address actual needs ans will assist in developing more accurate budget estimates.

Another priority within the facilities management program FY 1990 request of $85.6 million, compared to the FY 1989 level of $81.5 million, is an increase of $2.5 million which includes a comprehensive training effort to improve the quality and effectiveness of maintenance services. This is part of an on-going multi-year program initiated in FY 1988, aimed at preventing or reducing further extensive repair and renovation requirements, through an efficiently monitored O&M program with staff committed to adhering to maintenance standards.

The "immediate repairs of existing facilities" are addressed through the Facilities Improvement and Repair (FI&R) program, as projects can be included on the proposed list to be funded during a fiscal year, or through emergency repair and minor repair (MI&R) construction support funds. In FY1989, $22.46 million was appropriated for Facilities Improvement and Repair, which included 30 projects on the FI&R list. In FY 1990 the request for FI&R is $23.125 million, which includes 16 projects.

In the FI&R program, OCM has established a priority ranking system based on need, in accordance with criteria published in the Federal Register, for the planning, design and construction of adequate facilities. Tribes are invited to apply for funding through the process. First priority has been given to the mitigation of critical life safety work items. The urgency of these repair needs range from emergency--possible life-threatening or major physical plant loss, to programmatic or functional changes desired due to changes in educational programs or technologies. Those repairs that are justifiable as emergencies are funded for immediate correction from available funds, others are financed in sequential order of priority from among the appropriated funds available to the facility program.

It is anticipated that all items identified as "critical life safety" will have been funded by the end of FY1989. As other items are classified as such in this process, they will continue to be funded. Other non-critical

funded safety items are continuing to be repaired by Bureau field personnel. Also, OCM is introducing new methods of tracking and reporting to more effectively monitor the process.

Question: There is a backlog here, and with reduced budgets, what do you see as meeting those needs?

Answer: The FY 1990 budget requests sufficient funds to address planned requirements which can be met through the various facilities program functions; and, in fact, reflects level or increased funding in major areas. The overall request in FY 1990 for the Facilities Management activity in the Operation of Indian Programs (OIP) account is $85.6 million, an increase over the $81.5 million appropriated in FY 1989. The construction program funding request in FY 1990 is $4.2 million, compared to $3.6 million in FY 1989. The Buildings and Utilities (B&U) construction account reflects a total funding requested level of $33.285 million, which is relatively in line with the $33.65 million requested in FY 1989. Also included in the FY 1990 B&U request is an increase of $665 thousand in the $23.125 million for the Facilities Improvement and Repair (FI&R) program.

The most effective approach to managing the Bureau's facility backlog is the improved management of the facilities program which has been emphasized over recent years. The Office of Construction Management (OCM) and the Facilities Management and Construction Center (FMCC) in Albuquerque have concentrated on management improvements addressing key areas in the construction and BIA facilities program.

A primary emphasis has been placed on addressing those specific goals identified in the FY 1987 Conference Report (99-1002): improving the rate of obligations and procurements: in the Facilities Improvement and Repair (FI&R) program; complete the BIA Comprehensive Education Plan report on education; implement an operations and maintenance (O&M) allocation formula; reduce excess space which is resulting in excessive maintenance costs; and reorganize the Office of Facilities Management.

To date, significant progress has been made in addressing these objectives. Three of the major objectives, including the report on BIA education, the reorganization of facilities management and development of an allocation formula for the equitable distribution of appropriated facilities and maintenance (O&M) funds, have been completed. In addition to the reorganization, a concentrated effort has been placed on recruitment to fill key positions, training, and staff capacity building to improve organizational performance. The allocation formula for the equitable distribution of appropriated facilities and maintenance (O&M) funds has been developed and will be applied in distribution of the FY 1990 allocations.

Improvements have been made in increasing the rate of obligating the Facilities Improvement and Repair (FI&R) funds and accelerating the procurement process through more effective advance planning and design, field validation, earlier priority setting, closer coordination with

program managers, and improved scheduling. Early selection of prioritized projects followed by earlier planning and design is resulting in earlier awards of construction contracts.

In addressing the Congressional directives, an excess space reduction program has been implemented to reduce the Bureau's inventory of unusable space, which has proven costly to maintain, through targeted demolition, transfer or sale. In carrying out this objective, a targeted 444,942 square feet representing 259 buildings has been established for reduction in FY 1989. As a result of this effort, it is anticipated that the inventory would be reduced by nearly five percent over two years. An increased emphasis has also been placed on preventive maintenance through a concentrated training effort and an operational efficiency program, geared at reducing future repairs and renovations through cost/beneficial projects locally generated by facility managers.

Other efforts being undertaken in the management of facilities are also expected to result in more effective addressing of requirements. Application of a "Value Engineering" approach which will identify alternatives assuring the lowest life cycle cost in the evaluation of facility proposals will result in long term cost savings. Furthermore, OCM and FMCC have implemented a cyclical Facilities Management Program Review System. This provides systematic assessments of the ten Area facility programs' progress in meeting the established goals of the facilities management program through periodic reviews.

A revised data coding and ranking system has also been established in order to more specifically describe work item priorities in the Facilities Construction Operations and Maintenance (FACCOM) data base. Facilities inventories have also been validated Bureau-wide.

Training efforts have also been underway for FMCC and field operations staff, emphasizing managerial concepts as well as preventive maintenance, P.L. 93-638 Indian Self Determination Act contract negotiations, and application of computers. In this vein, over 410 employees received training in the first half of FY 1989. In conjunction with this effort, the Department of Labor is assisting OCM and the Bureau in establishing an apprenticeship program for skilled craftsmen in the facilities program.

These efforts are being implemented in the facilities program and are expected to result in more effective management of the program and addressing the backlog of requirements. Through more effective management of the facilities program, the accumulation of critical life safety backlog work items is expected to be resolved by the end of FY 1989; and a policy now exists to mitigate these types of deficiencies as they are identified. Other facility requirements are continuously under review by facilities employees whose skills are benefitting from the expanded training programs, and the increased emphasis on improved management of the overall facilities program.

Central Valley -- California

Question: There are several environmental groups who have demanded that the Bureau of Reclamation do an environmental impact statement evaluating the cumulative effects, with regard to the new 40 year water service contract to large irrigation districts in the Central Valley in California. This contract will determine how much and when water will be delivered to the user.

Do you see this as an important issue or not? How do you propose to proceed?

Answer: Your question relates to the renewal of the Friant Unit contracts. There are two very important and far reaching issues in this program--1) the right of the Secretary to alter the water supply to be made available to contractors under renewed water service contracts, and 2) the extent of the environmental documentation which must be prepared for a Federal action of this type. These issues have been addressed by the Solicitor's Office and are now under consideration by the Council of Environmental Quality, and by the Federal Court in NRDC v. Houston.

I recently approved the terms of Orange Cove Irrigation District's renewal contract form for 40 years. It includes a provision that makes it subject to the final order of the Court in NRDC v. Houston. My approval was guided by three basic principles: 1) The Federal Government has both a legal and moral obligation to the Friant Unit water users; 2) the State of California has the primary authority to determine basic water rights and entitlements on the basis of beneficial use, water quality, and other regional considerations; and 3) within the framework of the long standing obligations, it must be recognized that the renewal of long-term water supply contracts may pose legitimate environmental concerns.

To evaluate and address the environmental issues I have directed the Commissioner of Reclamation to conduct assessment studies to determine environmental effects, if any, which result from water deliveries under the renewed contract. Additionally, I am asking Reclamation to explore with the State of California opportunities for environmental recovery programs in the San Joaquin River basin.

Negotiations on the other expiring Friant Unit contracts will be resumed in the near future in a manner that is compatible with the ongoing legal and administrative proceedings on the issues. Since many of the renewal contract issues were resolved in the negotiations with the Orange Cove Irrigation District, the negotiation process with the remaining contractors will be simplified. All of the negotiations will be done in a public forum with full opportunity for public review and comment.

Bureau of Land Management

Question: Why are you appointing so many schedule C employees that are apparently weak in natural resource experience and management to the BLM top management?

Answer: Since January of this year, five (5) schedule C employees, have been appointed in the BLM, all of whom have temporary appointments. Of these 5 employees, 3 are lower graded employees working in program staff positions. The other 2 people have had management experience in private industry. This is hardly a large number given that there are about 10,000 employees in BLM.

Question: What is your perception of the BLM role in the National scheme of resource protection, management, and production?

Answer: As the steward of the Public Lands, BLM is responsible for managing these lands and the natural and cultural resources they contain to provide to the American public with the widest range of benefits now and in the future. Renewable resources are managed to meet on a sustained yield basis, the Nation's need for domestic sources of food, fiber, timber and wildlife, and to make significant contributions to regional and local economies. With respect to nonrenewable resources, such as oil, gas and other minerals, the BLM role is to provide a secure domestic source of energy and strategically important nonenergy minerals, to encourage orderly and timely development of the resource by the private sector, and to obtain fair market value return to the Federal government for development of the resource.

The BLM also makes its lands available for nonconsumptive human use and enjoyment through the protection of recreational, ecological, historical and cultural, and scientific values. BLM's charge is to assure the balanced management of the Public Lands and resources and their various values so that they are considered in a combination that will best serve the needs of the American people now and in the future.

Question: You now have some very important system lands and resources under your stewardship. For example: The National Park System, The National Wildlife Refuge System, The National Historic and Monument System. There may be others, but how do you see the Bureau of Land Management being part of a "system" of National importance?

Answer: The designation of lands managed by the BLM under some type of National System could very well enhance recognition of BLM's multiple use mission and increase public appreciation and support for our natural resource policies. However, I would have to carefully examine any Congressional proposal before I could express my support for this approach. Any designation would have to recognize the multiple use nature of these lands and should be unique to BLM administered lands.

The use of a meaningful name for the lands managed by the BLM would acknowledge their importance on a level equal with other National Systems, such as the National Forest System, and could facilitate BLM's efforts to increase public understanding of the multiple use concept. Public Lands could more easily be identified by visitors if there was a designation which could be placed on State maps and could contribute to increasing understanding of the role and importance of these lands and their resources.

Question: Do you support attempting to restructure the BLM into a National System for conservation of land and resources?

Answer: The new BLM Director and I would be happy to work with Congress in exploring options for designation of a national system name for BLM-administered public lands.

Question: Within the Federal Land Policy and Management Act (FLPMA), there is a concept of Multiple Use and Sustained Yield. The Bureau of Land Management is responsible for many resources and uses, especially in my State of Nevada. On occasion you have said that BLM is the "land of grass and cows". Do you support the concept of multiple use and sustained yield for the public lands?

Answer: Yes, I certainly do support these concepts. When I used the expression "land of grass and cows" I did so not as an indication of this being the only use but rather, that this use was one of many traditional uses for which BLM has a stewardship responsibility. The Bureau is the principal public land management agency within the Department of the Interior with the unique and challenging responsibility to manage Federal lands under the concept of multiple use and sustained yield. Not only do I support the Bureau's mission, but I am extremely excited about the opportunities presented by the multiple use and sustained yield responsibility to provide the American people with the widest range of benefits from the 270 million acres of land managed by the BLM. The Bureau's multiple use management responsibility epitomizes the 10-point agenda that President Bush and I agreed to as our overarching theme of this Administration for the Department of the Interior -- STEWARDSHIP.

Question: If so, do you support the BLM in their quest for wise use and protection of all the resources and uses?

Answer: As indicated in the above response, I certainly do support the BLM in their quest for wise use and protection of all resources and uses of such resources in their stewardship

Question: In light of the above initiatives, I find that BLM is trying to play "catch up" in getting the lands, especially livestock grazing lands, riparian areas, wildhorse areas, recreation areas and wildlife habitats into satisfactory condition. The past administration apparently did not see this as being very important because the budgets have been continually reduced. How do you intend to approach the need to strengthen the bureau's capability to bring about a more rapid change in the condition (health) of public land?

Answer: The BLM has charted a course that was initiated by the previous Administration and my intentions are to continue on this course and implement the strategic plans and/or initiatives that have been developed over the last few years. These initiatives include those such as Recreation 2000, Fish and Wildlife 2000, riparian area management, rangeland management, Land Information Systems, land acquisition and acquisition management and drug enforcement on the Public Lands to name just a few. While implementing these initiatives, BLM will continue to manage the Public Lands to maintain the production of timber, livestock and mineral resources to support our domestic industries, produce revenue, and continue to supply food, fiber, energy and minerals.

Question: Do you see the BLM having an important role in recreation management?

Answer: As a former representative of New Mexico, a major Public Land State, I recognize BLM's role as one of the major providers of recreation opportunities to the American public. With increasing leisure time and affluence, substantial numbers of Americans are seeking more outdoor recreational opportunities on the Public Lands. Annual visitation to the Public Lands is about 57.5 million visits, a three-fold increase in the past 20 years and about twice the recreational use of lands administered by the National Park Service in the West.

The Public Lands also offer a greater diversity of outdoor recreation opportunities than any other land in the Federal system. New forms of recreation and the use of high-technology recreational equipment are more easily accommodated on the BLM lands because of their multiple use nature and vastness. BLM's recreation lands and facilities provide a different type of recreation experience, especially for recreationists who seek an alternative to local, State or national parks.

In addition, recreation use of the Public Lands positively affects the local economy in the West where the travel and tourism industry ranks first in terms of employment in 7 out of 12 States. As people recreate closer to home, they will look increasingly at the Public Lands of which 45 percent are within a day's drive of the top 16 major population centers in the West.

For these reasons, the BLM's recreation management program has become one of the most comprehensive in the federal government. However, it now faces increased challenges. We intend to meet these challenges during the next decade through the implementation of Recreation 2000: A Strategic Plan.

Question: Do you see the BLM having an important role in Wildlife Management?

Answer: Without question the BLM has an important role in wildlife management. This role has been clearly identified in the Bureau's Fish and Wildlife 2000 Plan, a strategic plan which I fully support. The facts are that the Bureau of Land Management manages more habitat than any other federal or state Agency, some 270 million acres of terrestrial habitat, 85,000 miles of fishable stream habitat, and about 4 million acres of lakes that provide homes for over 3,000 species of wildlife. The wildlife resources are important to the Nation and economically, recreationally, and otherwise enhance the well being of our Nation's people.

Fish and Wildlife 2000 charts a course for BLM in managing these resources between now and the year 2000. As a part of its implementation, BLM has prepared national strategy plans for achieving many of the specific goals and objectives outlined in Fish and Wildlife 2000. Examples include rangewide plans for desert bighorn sheep and the desert tortoise, a waterfowl plan that addresses 20 million acres of wetland and waterfowl habitat, and a plan that identifies key habitats for

birds of prey. Additionally, each BLM State Office is currently developing a State Fish and Wildlife 2000 Plan for its respective areas.

These and other initiatives such as "watchable wildlife", and "Animal Inns" demonstrate that BLM not only has a very key role to play in the management of the Nation's fish and wildlife heritage, but that it has developed sound approaches for doing so.

Question: What is your concept of how to get on top of the wildhorse management?

Answer: I believe that the approach which the Bureau of Land Management has taken is the appropriate one. It is also clear that the wild horse management problem is complex, but probably more importantly invokes a great deal of emotional concern.

The BLM has developed a two-tiered approach to managing the wild horse herds. The first goal is to identify the approximate number of horses which the resources within a specific herd area could support. Utilizing the Bureau's land use planning process, the appropriate management level (AML) has been identified. After the population figures are known for each area, removal actions if necessary are undertaken to meet each herd area's identified AML. Throughout this period the Bureau strives to develop partnerships with the groups and individuals that are interested in the animals.

The second goal which can occur concurrently with identification of AML is the development of a Herd Area Management Plan (HMAP). This plan identifies specific objectives for the herd and its habitat, project developments necessary to meet management objectives, and monitoring needs to insure that the objectives are being met.

Success in this endeavor requires the mutual support and trust of all interested parties. The Bureau is attempting to develop additional creditability for its population numbers and trend area requirements, while the concerned public must accept the fact that wild horses like any other animal must be managed in order to maintain healthy viable populations and that there needs to be an accepted process to place healthy, but unadoptable, horses which are in excess of the populations that the herd area can sustain on a multiple-use basis.

Presently, the BLM places these horses in a private sanctuary which is supported by Federal funding. Although the sanctuary has been established for less than a year, it appears to be an acceptable solution to the placement of unadoptable horses. The sanctuary has replaced the Bureau's fee waiver program which was terminated because it did not provide the kinds of results that were desired.

Question: In your opinion what is the role of the BLM in the management and protection of riparian areas and wetlands?

Answer: The Bureau of Land Management has the responsibility to manage riparian areas effectively and efficiently in order to provide the widest range of benefits from this very valuable and somewhat scarce

resource within the multiple-use mix. Riparian areas are scarce since they constitute less than 1 percent of the contiguous lower 48 Public Lands. I understand that the Bureau has recognized this responsibility and has undertaken appropriate initiatives to pursue managing riparian areas. Since 1985, the Bureau has undertaken a riparian management initiative to focus appropriate attention and commitment on interdisciplinary management of riparian areas administered by BLM. These activities include:

- Assigning a high Program Priority to this initiative. BLM field offices were instructed to establish management of riparian/wetland areas as one of the highest priorities in the Bureau's fish and wildlife, watershed, and range programs;

- Issuing a Riparian Policy. In January of 1987, the Bureau Director signed a Riparian Area Management Policy, which stresses the interdisciplinary, multiresource character of riparian area management.

- Promoting Enhanced Internal and External Awareness. There has been increased "riparian consciousness" among BLM resource specialists and managers and public land users through BLM-sponsored workshops and tours;

- Establishing Riparian Demonstration Areas. Each BLM District Office has been directed to develop at least one riparian demonstration area, where the best management practices and instream habitat improvement work have been or will be implemented. The success of this effort was illustrated in July, 1988 when the Western Division of the American Fisheries Society picked 20 BLM riparian improvement projects as winners in their "riparian excellence" program;

- Emphasis on Riparian values in Grazing Management. There has been increased emphasis and application of the "riparian pasture concept" in which livestock grazing is permitted when and where it is compatible with maintaining or enhancing riparian habitat values; and

- Conducting State Riparian Needs Assessments. Each BLM State office is preparing a statewide assessment of its need and objectives associated with this program.

QUESTIONS SUBMITTED BY SENATOR JAMES A. MCCLURE

Exxon Valdez

Question: There have been several press reports on a joint $6.0 million three-year research program with the petroleum industry. It is my understanding that this research program is designed to develop better recovery and cleanup equipment and methods for large oil spills. Half of the funding for this program is proposed to come from the

industry and the other half from the Department of the Interior. Can you elaborate on this research program?

Answer: The program is designed to achieve significant advances in the state of the art for procedures and equipment to detect, contain, and cleanup oil in the water and on the beaches. This will be accomplished by expanding the research program currently pursued by the Minerals Management Service (MMS). Much of this is in cooperation with the Department of the Environment, Canada.

Investigations of methodologies for mechanical (booms and skimmers) chemical (nondispersant and dispersant treating agents) and burning techniques for responding to spills will be continued and the most promising techniques will receive the maximum funding. These techniques are the burning of oil on the surface of the water and the chemical treatment of oil to change its elastic and viscous properties to enhance its collection or burning. At-sea verification of laboratory testing is an integral part of the program but is expensive because of ship and logistics costs.

Question: Is it your intention to request these funds as part of the FY 91 budget submission?

Answer: Yes, that is our intention.

Question: You have been quoted as describing some of the containment equipment in Alaska as "tinker toys" which wouldn't have contained the spill even if they had been deployed rapidly. Is that accurate?

Answer: Although my choice of words might have been different, the point I made was important. Containment and cleanup of large oil spills is a very difficult application of technology. The operation is made more difficult if the equipment and personnel are not present in a timely manner in proper numbers and adequacy. As spills remain in the water subjected to natural weathering, emulsification. and periodic storms, cleanup operations become even more difficult.

Question: Does equipment exist that would have contained the spill?

Answer: The technology to mechanically contain and cleanup spilled oil in conditions with winds of 5-15 knots is available. However, the magnitude of the spill (over 250,000 barrels) would have challenged any reasonable response in the first 48 hours prior to the storm. Four to seven empty tankers would have been required to store the recovered oil and water if all of the oil had been retrieved. Once the storm, with winds approaching 70 knots, emulsified and scattered the oil, the spill was basically beyond realistic response capabilities. Response technology remains undocumented in winds over 15 knots, which appears to be the upper limit of conventional response procedures.

Question: What is the purpose of the research plan? To design new equipment or to utilize the existing equipment in a different fashion?

Answer: The research plan is an expansion and acceleration of existing MMS research to quantify the ability of existing equipment and procedures to contain and remove spilled oil and to continue to develop the most promising of these.

The plan contains objectives which are considered attainable to significantly improve the state of the art for detecting, containing and cleaning up (by burning, treating, or collecting) oil, and for cleaning up the beachline. To reiterate, it is not a matter of improving equipment which is on the market, but to quantify the state of the art, to establish standards for equipment and procedures, and to improve technology.

Question: Throughout the Exxon Valdez disaster, there have been a lot of comments made by various government and business officials. One of the statements that makes more sense than some of the others is one made by Administrator of EPA, William Reilly. I am paraphrasing somewhat, but he essentially said that this was not our last oil spill. As unfortunate as that statement is, it is painfully accurate.

As long as we have an insatiable appetite for oil and no concern over where we obtain the oil -- from foreign or domestic sources -- we had better find a way to deal with the problem. One way to deal with it is to take a look around at the Department of Interior lands where we are utilizing the resources, and determine if the equipment and plans that are supposed to be there are actually there and if they will work.

Has the Department performed this type of inventory?

Answer: For oil and gas operations on Federal lands, the Secretary of the Interior or his authorized representative has the right to enter upon, travel across, and inspect lease sites and records without advance notice. These inspections enable Departmental representatives to determine whether there is compliance with mineral leasing laws, regulations, and any applicable orders, notices or directives, including environmental protection obligations.

Although the Environmental Protection Agency is the agency with the primary responsibility for Spill Prevention Control and Countermeasure Plans, the Bureau of Land Management has the authority to require copies of these contingency plans from the operator on federally supervised oil and gas operations. These plans must provide the names, addresses and telephone numbers of at least two technically competent company or contract personnel authorized to order equipment or supplies and to expend funds necessary to respond to emergencies.

To further address the problem of potential oil spills and accidents, the BLM issued Onshore Oil and Gas Order No. 2, Drilling Operations on Federal and Indian Oil and Gas Leases, in November 1988, which details uniform national standards for well control requirements for federally supervised operators.

In processing applications for oil pipeline rights-of-way, the BLM has established policies and procedures for site-specific impact analysis of the proposed pipeline on other land uses, natural resources and the

environment. If the application is approved, the right-of-way grant contains terms and conditions to mitigate adverse impacts that, among others, may include contingency plans for oil spill control and cleanup. Compliance inspections are conducted as appropriate for a specific right-of-way. The intensity of the compliance inspections needed is generally commensurate with the sensitivity of the resource values potentially affected.

The authorities for environmental protection of onshore oil and gas operations include: The Mineral Leasing Act of 1920, as amended, The National Environmental Policy Act of 1969, and the Federal Land Policy and Management Act of 1976.

The Minerals Management Service (MMS) approves oil spill contingency plans as a part of the exploration or development plans when permitting OCS operations. MMS is currently reviewing existing plans and procedures for operational safety and pollution prevention. Based on the review, MMS can provide assurances that the equipment in the plans is available. The OCS Oil Spill Contingency Plans are required for each OCS exploration and development activity and are tailored to the specific site, type of oil, and local conditions. Companies are required to inspect the equipment monthly and to test it on a regular schedule.

The MMS inspectors review the company records for these activities and actually inventory the equipment themselves at least annually. They also monitor oil spill drills which the companies are required to perform. These drills are used, among other things, to make certain the equipment is in working order.

In addition to these Departmental obligations, additional environmental safeguards are provided as the Secretary of Transportation is required to inspect annually all pipelines and associated facilities on Federal lands for any potential leaks or safety problems.

Land Acquisition

Question: In the document "Building a Better America" released in February, the Administration requested an additional $206 million for land acquisition. It was my understanding that the $206 million proposed for FY 90 would be allocated in a manner similar to the FY 89 appropriation. Unfortunately, a list of the specific projects has not been compiled, nor has an allocation of funds between agencies been proposed.

Part of the delay is due to a complicated cross agency ranking system being worked on by our friends at the Office of Management and Budget. Parcels in the Park Service, Forest Service, Bureau of Land Management, and Fish and Wildlife Service would compete against each other.

Can you elaborate on the delay?

Answer: At the time of the hearing (May 2, 1989), the ranking process for the President's land acquisition proposals was not complete. Developing appropriate criteria to rank projects for the Frost Service, the

Fish and Wildlife Service, the National Park Service and the Bureau of Land Management had to be carefully and thoughtfully carried out. Once the final criteria were developed, each of the four bureaus applied the weighted factors included in the criteria to score each of the land acquisition projects. There were twelve such factors to apply to each project. Moreover, this process involved two Departments (Interior and Agriculture) working together in a unique fashion and also appropriate review by the Office of Management and Budget

Finally, as expected with any new Administration, the policy advisers of the President, including myself, wanted to do a personal review of what the professionals in the various bureaus put together. So, yes, it took some time, but it was time well spent. The information was available well in time to be considered for appropriations bill mark-up.

Question: What is the current timing of the specifics?

Answer: On May 12, the Department sent letters to the Chairmen of the house and Senate Interior Appropriations Subcommittees enclosing the final list of land acquisition projects. The formal budget amendments were sent to the Congress on May 18, 1989.

Indian Schools

Question: Recently, you traveled to several Indian Schools with the Secretary of Education. What was your impression, and how do you intend to follow up this trip in future budgets?

Answer: In touring BIA schools, I was impressed with the many positive aspects which existed at these schools. Basically, where there are good schools, I found good administration, teachers who go the extra mile, and students who are advancing very well. A key aspect I observed was the importance of parental and community leadership and involvement in the education process, a characteristic I strongly support.

I intend to work vigorously to improve the quality of Indian education, and have already laid out several proposals to achieve this goal. Indian education is one of my goals under the Management by Objectives (MBO) system that is being established by the White House. Towards this goal, I have asked Secretary Cavazos to join me in convening a White House Conference on Indian education which would provide an excellent forum to discuss the status of Indian education and evaluate proposals. In addition I have asked the other Bureaus in the Department to submit proposals on what specific contribution they can make to enhance Indian education.

During the FY 1990 budget process, funding was requested for many of the initiatives authorized under P.L. 100-297, the Indian Education Amendments of 1988, most notably the teachers' pay raise. This pay raise, which will be phased in over a three year period, would put the salaries of BIA teachers on an equivalent pay scale with the Department of Defense overseas teachers and will go a long way in improving teacher morale and encouraging qualified teachers to work in BIA schools. In the FY 1991 budget, I plan to pursue other educational initiatives such as funding for the gifted and talented program and additional funding for higher education programs.

Question: In one of the FY 90 draft budgets for the Department of the Interior included a funding request for a new school for the Coeur d'Alene Tribal School in Idaho. I note that the final budget displaced funds for the school and replaced it with funding for a school in South Dakota.

Portions of the South Dakota school have been condemned and pose safety hazards to the 700 students and staff. By comparison, the enrollment at the Coeur d'Alene school has declined from 88 in 1984 to 43 today.

It is beyond me how the Pine Ridge school could rank below the Coeur d'Alene school. In the FY88 Continuing Resolution, language was included directing the BIA to conduct a feasibility study on alternatives to building a facility at Coeur d'Alene. Among the alternatives, the Bureau should address the possibility of adding a wing onto the existing school to serve the additional students.

In response to a question for the record last year, the Department indicated that a cooperative agreement with the local school district was not practical.

I hope you take the opportunity to review this priority system and develop a system that both the Department and this Subcommittee can utilize.

Would you care to comment?

Answer: I do intend to review this system to see if changes are warranted. According to information provided by the Office of Construction Management (OCM), Coeur d'Alene and Pine Ridge High School for the Oglala Sioux were evaluated and ranked based on their applications for new school construction. The applications were supported by Tribal resolutions and endorsed by the Bureau of Indian Affairs' Education Program Administrators for each school.

This was the first evaluation following a new school construction moratorium which had been in place for several years and included a large number of applications which had been "on hold", pending completion of a comprehensive education plan by the BIA.

Shortly before the President's FY 1990 budget was submitted, questions were raised about the accuracy of some of the data which had been included in the Coeur d'Alene application. As a result, the decision was made to substitute the Pine Ridge project for the Coeur d'Alene project in the budget and to re-evaluate the questioned data for Coeur d'Alene. Because of the questions on the data on which the original evaluation had been made, and the insufficient time remaining before submission of the President's budget, it was not possible to validate the data for Coeur d'Alene for decisions in the FY 1990 budget cycle.

The procedure for evaluation of new school construction applications begins with the annual publication of an announcement that applications will be received and an evaluation will be made based on published criteria;

-the due date for submission is established to coordinate with the budget formulation process, in order to allow sufficient time to field validate the applications which are judged to be the candidates for the highest ranking;

-the evaluation board, a multi-disciplinary group of senior education and facilities professionals which has included representatives from the Office of Construction Management (OCM), the Bureau of Indian Affairs' Office of Indian Education Programs (OIEP), the Facilities Management and Construction Center (FMCC), and Area facility personnel, is established in conjunction with OIEP.

-the board members make their recommendations for ranking based on reviews of supporting data in the applications;

-the highest recommended candidate projects are then field validated by planning specialists, under contract;

-the results of these validation reports are reviewed by OCM and OIEP, and the final ranking list decided by OCM and the Assistant Secretary for Indian Affairs is published in the Federal Register.

It is from this final list that projects are selected, sequentially if possible, for inclusion in the budget estimates, in accordance with the Department's budget targets and priorities.

The criteria used by the evaluation board had been published in the Federal Register and established "unhoused students" as a major determining factor in consideration of recommendations for ranking. Under the definition of "unhoused", the Coeur d'Alene school had, in the judgement of the board, a higher percentage of "unhoused" students than did the Pine Ridge School.

Outer Continental Shelf

Question: The Administration has proposed to postpone three Outer Continental Shelf lease sales which were scheduled for FY 90. This additional time will be used by a joint Interior, DOE, and National Academy of Sciences task force to review and resolve environmental concerns in the three areas. Since draft Environmental Impact Statements, public hearings, final environmental impact statements, and comments from governors are already scheduled and some have occurred, what additional information will the task force be analyzing?

Answer: The membership of the task force established by the President has been expanded to include the Environmental Protection Agency and the National Oceanic and Atmospheric Administration, as well as the Office of Management and Budget, and the Departments of the Interior and Energy. The National Academy of Sciences will assist the task force by providing expertise on scientific and technical issues. The task force will provide a broad range of perspectives and expertise in reviewing the existing material and in their obtaining the views from

other interested, affected, parties. We expect that the task force will thus be able to review and resolve the environmental concerns regarding these three sales in the context of national energy goals, environmental goals, and ocean management goals.

Question: Is this additional layer of environmental analysis an indication that the Administration believes that there are problems with the OCS statute or Department of Interior regulations? If so, do you plan on proposing changes?

Answer: In carrying out the OCS oil and gas leasing program over the years, the DOI, pursuant to statutes and regulations and in acknowledgment of the concerns of State and local interests, has developed and implemented lengthy and open analytical and consultation processes for the development of the 5-year program and for individual lease sale decisions. These OCS program and lease sale analyses have been thorough and responsive to issues raised by States, local governments, and environmental groups. However, legitimate concerns about, and opposition to, offshore leasing in these areas still exists.

In response to the President's charge, the task force will review information regarding potential adverse environmental effects of the three lease sales, possible mitigating measures to protect environmentally sensitive areas, and options for leasing, including not leasing, and operations in the three areas. Recommendations will then be made to the President by January 1, 1990. The findings of the task force are not predetermined. It is premature to postulate whether the task force will recommend changes to any statutes or regulations.

Task Force

Question: I have heard a lot of discussion about the form, the membership and the direction the OCS task force will take. To say the least, I am skeptical of the ability of the task force to reach some sort of a consensus. We have a variety of laws, procedures, and regulations relating to offshore leasing. The only things missing are a few leases. How long do you anticipate it will take the task force to perform its work?

Answer: Completion of the task force effort is scheduled for January 1, 1990, when a report is scheduled to be delivered to the President. We have every intention of meeting that schedule.

Question: How much do you anticipate the task force will cost, and what is the source of funds?

Answer: The Departments of the Interior and Energy, NOAA, and EPA will each contribute $75,000 to fund the National Academy of Sciences' efforts in support of the task force. The full costs for the task force have not yet been determined, as each agency will contribute personnel towards completion of the work. For the Department of the Interior, the MMS will fund the majority of additional costs. MMS has provided the Committee with a reprogramming request on this subject. For FY 1989, $212,000 is requested to fund the cost of the MMS support of the task force. A similar amount will be required in 1990 to support the conclusion of the task force effort.

Question: There has been some discussion that the task force will attempt to negotiate additional sales on a sale-by-sale basis. The intent would be to throw out some environmentally sensitive sales where there is no industry interest. At the same time, in areas where there is minimal environmental concern, yet industry interest, sales would go forward.

I hope that isn't the strategy of this task force. Unfortunately, I have been a part of the negotiation process on this issue. It didn't take very long to determine that both interest groups were interested in the same areas. There were no environmental concerns in areas without industry interest. The flip side was also true: there were environmental concerns only where there was industry interest.

Would you care to comment?

Answer: As you have indicated, prospective oil and gas areas are not always in areas with minimal environmental concerns. Since late 1984, the Department has made an effort to focus leasing on the more prospective hydrocarbon areas (defined by MMS data and industry interest). Areas of environmental sensitivity and minimal or no industry interest have been eliminated from leasing consideration, consistent with the concept of focusing on promising acreage (formalized with the current 5-year leasing program). Still, it is true that promising acreage and areas of environmental concern often coincide. Often, leasing has been able to go forward in these areas with the imposition of special protective measures. In other cases, such as those the task force are addressing, the public perception of potential adverse effects has halted or significantly delayed leasing and development.

Question: If the current prelease system takes two or more years and produces fewer and fewer leases, why should we expect additional analyses to be more productive?

Answer: The OCS Leasing and Development Task Force is an opportunity to look at the resources in these areas anew, with the involvement of a broad spectrum of expertise and responsibility in energy, ocean management, and environmental policy. Extensive efforts will be made by the task force to obtain information and views from all other interested parties including State and local officials. Congress, environmental groups. the oil and gas industry, fishermen, and others. We hope that the recommendations of the task force, therefore, will be viewed as being based on a comprehensive, objective, and good faith effort to develop sound policies and principles regarding OCS oil and gas leasing in these environmentally sensitive areas.

Question: Will the steps established by the task force for these sales be incorporated in all other sales?

Answer: Although the task force is charged to study only three lease sales, some of the task force's findings and recommendations may be applicable also to other sales or to the next 5-year leasing program. It is too early, however, to predict what the task force's findings and recommendations will be.

Question: The budget indicates that funding is not requested to conduct an expanded outreach program designed to improve consultation efforts with the public as the Department develops a 5-year Leasing Program (pg. 52). What is the theory behind having task forces on specific sales, yet not having a public outreach program for the 5-year plan?

Answer: The statement on page 52 of the MMS Budget Justification indicates that funding is not available within the base to conduct an expanded outreach program associated with the development of the next five-year plan, however, there is base funding to cover some outreach efforts, such as public hearings. Due to controversy and opposition to OCS leasing, the OCS Policy Committee has recently recommended increasing outreach efforts. Since the development of the next five year plan is expected to begin in FY 1989, the enhanced outreach activities will not begin until later in mid-FY 1990, the MMS is requesting a portion of th requested increase of $200,000 to be used for an expanded program.

The statement "Funding is currently not available in the base to conduct and expanded outreach program," is justification for a portion of the requested increase of $200,000 for special consultation efforts. Approximately $75,000 of the requested increase will be applied towards expanded outreach for the next five year plan. This amount will be used for additional consultative efforts with officials of coastal States, counties, and communities and other affected parties to obtain and clarify input to the five year planning process.

Mineral Receipts

Eight years ago the previous Administration began proposing to pay the states' net mineral receipts after program operation costs were deducted. This proposal was made annually by the Administration and was rejected annually by the Congress. I complained to everybody who would or wouldn't listen that they were wasting their time.

Last year, I thought somebody finally listened since the budget did not include this proposal.

I guess I also appreciate the Administration not making this proposal with the FY 90 budget. Unfortunately, the alternative proposal is far worse. I never thought that anything could be proposed that might be worse than the previous proposal.

I was wrong.

In FY 90, the Administration has proposed to reduce payments to states out of an initiative to deduct Federal firefighting costs from the total Federal timber and mineral receipts. This would reduce the estimated payments for minerals by $70 million and timber by approximately $90 million.

Question: Since you are proposing that states help pay for fire on Federal land, should I assume that you would support Federal funding of fires on state lands?

Answer: The Administration's proposal for revising the funding approach for Federal firefighting has two aspects. The first aspect is to improve the program by providing adequate funding for program management and presuppression activities as well as a secure funding source for emergency suppression activities. The second aspect is to partially offset the costs of the program by deducting fire program costs from gross timber and on-shore mineral receipts before sharing those receipts with state and local governments.

The purpose for proposing this kind of financing was not that states and local governments currently, or in the future, help pay actual firefighting costs. Rather, the rationale is that those states and local governments benefit from more effective fire programs, since effective fire protection prevents resource loss. The lower the loss of resources due to fire, the higher receipts from those resources and, thus, the higher the revenues to states and local governments. Consequently, the Administration's fire proposal does not contemplate Federal funding for protection of state lands on a non-reimbursable basis.

QUESTIONS SUBMITTED BY SENATOR DON NICKLES

Lake Elmer Thomas Dam

Mr. Lujan, as I mentioned to you yesterday, the administration's fiscal year 1990 budget for the Fish and Wildlife Service contains $3 million for Lake Elmer Thomas Dam located near Lawton, Oklahoma.

The funds are to be used for planning, design, and remedial measures for the dam which, only a year ago, was declared unsafe.

As stated in the letter sent to you on April 17 by myself, Senator Boren, and Congressman McCurdy, the recently completed feasibility study clearly shows that support of the local community and Fort Sill Army base to restore the lake to its previous state by building a new dam and repairing the north spillway. This project is a very high priority for the state of Oklahoma.

I encourage you to fully investigate this situation with Fish and Wildlife Service officials and support a complete restoration of Lake Elmer Thomas.

Wichita Mountains National Wildlife Refuge

Question: The Wichita Mountains NWR is the most-often visited Wildlife Refuge in the nation, with over 1.5 million visitors a year.

Of those 1.5 million visitors, only 1 out of 75 ever visit the existing, poorly located, 1930's vintage visitor facility. This situation is extremely distressing to me, and I feel it represents another instance in which the federal government has failed to make use of one of its greatest resources.

Why is it that this refuge does not have an adequate visitor center to accommodate these guests?

Answer: The Fish and Wildlife Service has recognized the need for improved visitor facilities at Wichita Mountains Wildlife Refuge. Proposals to construct a suitable visitor center have been delayed due to a recurring need to fund higher priority construction projects, primarily those concerned with health and safety.

Question: When does the F&WS plan to request funds for a new visitor center at the Wichita Mountains NWR?

Answer: Conceptual planning for a new visitor center at Wichita Mountains Wildlife Refuge has been completed. However, health and safety projects, including dam safety, are of higher priority. Given the current fiscal constraints the Service anticipates that, at least in the near future, budget requests will be limited to the highest priority construction projects, primarily those needed to address potential health and safety problems.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

Global Climate Change

I am most pleased to see the President make a commitment to increased research into global climate change in his FY 1990 budget request. As the attached chart shows, the budget request totals $190.5 million for seven federal departments and agencies to address the phenomenon known as global change. The request represents a $56.6 million, or 42 percent, increase over the FY 1989 funding level for such activities. Support for this request will allow us to proceed with the initial strategy for a comprehensive, long-term global change research program outlined in "Our Changing Planet: A U.S. Strategy for Global Change Research," which accompanied the budget request.

Table 1 on pages 24 and 25 of the "Changing Planet" report outlines the proposed global change budget program by agency and science element.

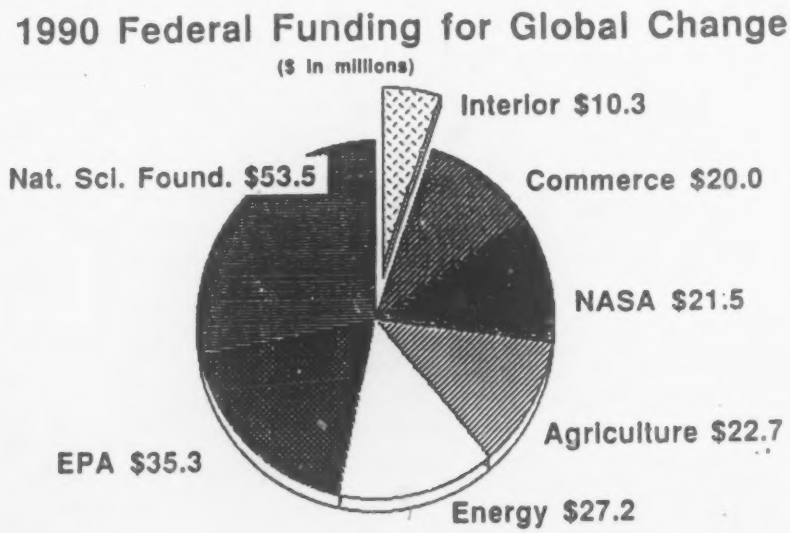

Table 1

1989-1990 U. S. Global Change Research Program Budget

(Dollars in Millions)

Focused Program	Total Budget		Biogeochemical Dynamics		Ecological Systems and Dynamics		Climate and Hydrologic System		Human Interactions		Earth System History		Solid Earth Processes		Solar Influences	
	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990	1989	1990
Agency Totals	133.9	190.5	29.8	44.9	28.1	39.5	38.0	59.3	22.0	22.0	3.0	7.0	8.9	10.5	4.1	7.3
NSF	39.2	53.5	13.5	18.3	1.9	1.9	13.2	17.0	0.0	0.0	2.0	4.7	6.2	6.5	2.4	5.1
DOE	20.2	27.2	6.0	5.5	4.2	6.7	7.0	10.2	2.0	3.6	0.0	0.0	0.0	0.0	1.0	1.2
DOI/USGS	5.3	10.3	0.0	0.0	0.0	0.3	2.3	5.0	1.5	2.0	1.0	2.3	0.5	0.7	0.0	0.0
NASA	14.5	21.5	3.0	4.4	4.3	6.4	4.3	6.4	0.0	0.0	0.0	0.0	2.2	3.3	0.7	1.0
DOC/NOAA	9.0	20.0	0.0	3.0	0.0	0.0	9.0	17.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPA	27.4	35.3	0.8	3.5	7.4	13.2	0.7	2.2	18.5	16.4	0.0	0.0	0.0	0.0	0.0	0.0
USDA	18.3	22.7	6.5	10.2	10.3	11.0	1.5	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Activity	133.9	190.5	29.8	44.9	28.1	39.5	38.0	59.3	22.0	22.0	3.0	7.0	8.9	10.5	4.1	7.3
Research	116.4	158.9	26.9	40.1	24.9	35.0	31.6	46.1	22.0	20.8	3.0	3.5	5.4	8.1	2.6	5.3
Observations	10.7	15.0	0.0	1.5	2.0	2.5	5.0	8.5	0.0	0.0	0.0	0.0	3.5	2.2	0.2	0.3
Data Management	2.3	8.1	0.4	0.8	0.2	1.0	1.4	4.7	0.0	1.2	0.0	0.0	0.0	0.2	0.3	0.2
Facilities	4.5	8.5	2.5	2.5	1.0	1.0	0.0	0.0	0.0	0.0	0.0	3.5	0.0	0.0	1.0	1.5

Source: "Our Changing Planet: A U.S. Strategy for Global Change Research." A Report by the Committee on Earth Sciences to Accompany the U.S. President's Fiscal Year 1990 Budget.

Question: Would you please provide for the record a detailed breakdown, by program, account, and amount what these funds would be used for, if appropriated?

Answer: Department of the Interior programs in FY 1990 focusing on global change research are conducted, for the most part, within the USGS, Surveys, Investigations, and Research account. These programs total $11.3 million. In addition to the funding focused on global change research,other DOI bureaus allocate funding that contributes to an understanding of global change issues. A detailed accounting of the U.S. Global Change Research science elements and respective funding for the focused research within the USGS is as follows:

BIOGEOCHEMICAL DYNAMICS

FY 1990--$300,000
Carbon Cycle Research--Development of improved understanding of the role of carbon in hydrologic and geologic processes (precipitation and dissolution of carbonates in marine, estuarine, and terrestrial environments) and the fate, transport, and biogeochemical role of natural organic compounds in a variety of environments.

CLIMATIC AND HYDROLOGIC SYSTEMS

FY 1990- $4,600,000

Snow and Ice--Remote sensing studies of snow and ice dynamics as a means of gaining understanding of: ice/atmosphere interactions, glacier mass-balance and sea ice extent as indicators of climate.

Evapotranspiration Processes--Studies of the rate of evapotranspiration from areas of natural vegetation as a function of atmospheric conditions, vegetation and land surface conditions, and moisture availability. Advances in these studies are needed for estimation of the water balance (runoff and ground water recharge) under various climatic scenarios.

Modeling--Development of more realistic treatment of hydrologic processes in atmospheric models; collaboration with the climate modeling community, such as the Geophysical Fluid Dynamics Laboratory (GFDL) at Princeton, NJ., and the National Center on Atmospheric Research (NCAR) in Boulder, CO., to develop capability to improve the characterization of hydrologic conditions and processes which are the primary driving forces behind energy and moisture fluxes at the land/atmosphere interface. The purpose of this work is to improve the accuracy of atmospheric models used to predict climate change and the resulting water budgets for the earth's surface.

Hydroclimatology--Study of the relationship between atmospheric circulation and hydrologic conditions (primarily streamflow). These studies should provide improved capabilities to predict the water-resources implications (in terms of water supplies and the probabilities of droughts and floods) more directly from atmospheric circulation model outputs.

Integrated River Basin Studies--Study of the impacts of various climate change scenarios (changes in temperatures and precipitation amounts) on entire river basins. This involves estimation of changes in evapotranspiration, runoff, ground water recharge, water use, sea level, and the resulting changes in water quality (especially salinity) in estuaries and coastal aquifers. In 1989 such research is underway in the Delaware River Basin; it is aimed at development of appropriate tools for hydroclimatic impact assessment.

Glacier Monitoring--Research effort aimed at satellite and aerial remote sensing of the world's glaciers, with emphasis on high latitudes, for evidence of glacier response to global warming. Melting of glacier ice will be the primary contributor to the projected rise in sea level.

Information and Data Systems--The Global Change Data System program will develop and operate a system to provide global land earth science data sets to support research in the climate and hydrologic system.

HUMAN INTERACTIONS

FY 1990--$2,500,000

Land Surface and Geographic Processes--Research is conducted on the interactions between human activities and natural processes by inventorying vegetation, land-use changes; and determining environmental impacts. This research involves integrating remotely sensed data and earth-science data for applications such as vegetation monitoring as an indicator of cultural impacts.

Information and Data Systems--The Global Change Data System program will develop and operate a system to provide global land earth science data sets to support research on the interaction between human activities and environmental processes.

EARTH SYSTEM HISTORY

FY 1990--$3,300,000

Paleoclimatology and Paleohydrology--Research directed at establishing the rate, frequencies, and magnitudes of climate change through analysis of the geologic record (including terrestrial and marine cores and related botanical and geochemical records, and providing information on the prehistoric natural variability of climate during the last thousands to millions of years. This information on past climates is providing data to improve and test general circulation models (GCMs) that are being used to predict future climates. The following topics of research will be emphasized:

Paleoclimate and Marine Corals--Research effort aimed at obtaining high-quality records of paleooceanographic and paleoclimatic history preserved in corals. Of particular interest are climatic fluctuations during the past several hundred years as recorded by the response of corals to these climatic changes.

Paleohydrology: Reconstruction of hydrologic and climatic conditions in the Great Basin during the past 1 million years with emphasis on the past 25,000 years.

Terrestrial Coring: Mechanized core drilling to obtain long, continuous records of terrestrial climate conditions at a variety of key geographic locations.

Pliocene Climates: Synoptic reconstruction of global climates and environments during warm intervals of early Pliocene as analog for greenhouse warming in the next century.

Ice Core Glaciology: Development of new capability in the USGS to study paleoclimate data preserved in glacier ice cores from Greenland, Antarctica, and other ice caps.

Paleoecology: Application of paleontological data and methods to reconstruction of past climates, and the impacts of past changes on ecosystems.

Isotopic Analysis: Application of isotopic methods to provide chronological measure of climate-sensitive isotopic variations through time.

Desertification/Desert Processes: Expansion of existing USGS research on desertification and other climate-sensitive surficial processes. Includes monitoring of climate and erosion/depositional processes in arid regions.

Marine Paleoclimates: Research aimed at obtaining high quality records of paleooceanographic and paleoclimatic history preserved in marine sediment cores.

Permafrost Studies: Monitoring of permafrost temperatures and heat-flow profiles in Alaska and other high latitude sites in both polar regions for evidence of global warming; studies of changes in the distribution and depth of permafrost.

Glacial History: Reconstruction of past changes in the extent of glacier ice during the past 2 million years.

SOLID EARTH PROCESSES

FY 1990--$600,000

Information and Data Systems--The Global Change Data System program will develop and operate a system to provide global land earth science data sets to support research in solid-earth processes.

In addition to activities within the Geological Survey, six other agencies are participating in the Global Change initiative as indicated below.

National Science Foundation (NSF): NSF primarily supports university-based basic research in all areas of earth, atmospheric, and

ocean sciences. NSF's efforts encompass all seven science elements of the initiative except human interactions. The FY 1990 budget proposes $53.5 million for NSF, a 36 percent increase over FY 1989. The increase reflects Administration and Congressional commitment to doubling the level of NSF's support for university-based basic research over the next five years.

Department of Energy (DOE): DOE maintains a program of research directed at how energy production and use affect global earth systems and how possible responses to such change may affect future energy options. As a result, the DOE global change program is focussed primarily on climate and ecosystem response research. The FY 1990 budget proposes $27.2 million for DOE, a 35 percent increase over FY 1989.

National Aeronautics and Space Administration: (NASA) is responsible for earth sciences research from space, including broad scientific studies of the planet as an integrated system. This research effort supports advanced technology development studies of the Earth Observing System (EOS). These studies will focus on defining the remote sensing instruments, space infrastructure, and data management systems needed to study a broad range of global change processes. EOS is under consideration as a new initiative sometime over the next several years. The FY 1990 budget proposes $21.5 million for NASA, a 48 percent increase over FY 1989.

Department of Commerce/National Oceanic and Atmospheric Administration (DOC/NOAA): Building on its base of oceanic and atmospheric science and services, DOC/NOAA's focused programs emphasize improving predictions of climate change and its regional implications, on time scales from a single season to centuries. NOAA's mission-directed activities include research on physical and biogeochemical processes in the climate system, *in situ* measurements, climate modeling, and diagnostic techniques for detecting global changes. The FY 1990 budget proposes $20.0 million for DOC/NOAA, roughly doubling the FY 1989 level.

Environmental Protection Agency (EPA): EPA research is focused on ecological systems and human interactions. These research efforts reflect EPA's regulatory mission to assess and evaluate the ecological, environmental, and health-related consequences of global change. The FY 1990 budget proposes $35.3 million for EPA, a 29 percent increase over FY 1989.

United States Department of Agriculture (USDA): The USDA global change research programs deal with the impact of the climate on agricultural and ecological systems and the impact of these systems on the climate. Many of the USDA vegetation, soil, and ecology research programs are critical to the success of the Program. The FY 1990 budget proposes $22.7 million for USDA, a 24 percent increase over FY 1989.

Question: Would you also provide a brief summary of the questions the research supported in this initiative would address, and how it would advance our understanding of the potential impacts of global change?

Answer: Within the descriptive breakdown of global change program activities, which were addressed in the first response, is a general statement of how each of the programs focuses on specific research problems within the seven science elements. Each component (Science Element) of the program is critical to fulfilling the ultimate objective of the U.S. Global Change Research Program: to observe, understand, and predict global change and thereby provide the scientific basis for national and international policymaking related to natural and human-induced changes in the global earth system. A brief summary of the critical scientific questions addressed by each science element for which the Department of Interior has focused research efforts is as follows:

Biogeochemical Dynamics: Forces that initiate global change are investigated in programs which concentrate on the study of the biogeochemical constituents (e.g., oxygen, carbon, nitrogen, etc.) within the earth system and their influence on the life-sustaining envelope of the earth, including global warming. An essential part of reliably predicting change on a global scale is an adequate understanding of the cycling of these key constituents through their major reservoirs: (i) the oceanic and freshwater aquatic systems, (ii) the solid-earth component, and (iii) the atmosphere.

Climate and Hydrologic Cycle: This research focuses on how well can global change be predicted by examining the physical processes that govern the climate and hydrologic systems, including the atmosphere, hydrosphere, cryosphere, land surfaces, and biosphere. A predictive capability for the Earth's climate and hydrologic system will strongly influence our policy responses on a number of major environmental and economic issues: "greenhouse warming" due to the tremendous capacity of the oceans to store and release heat and carbon dioxide; sea level rise, water supplies, agricultural policy, and ozone depletion.

Human Interactions: These programs will help to document the forces that initiate global change and the earth's response to changes in such forcing functions through study of the interface between natural processes and human activities. Current research on the human dimensions of global environmental change focuses both on patterns of human action that cause changes in the geosphere, hydrosphere, and biosphere and on the means of moderating and managing the environmental consequences of human activities. Among the human causes of global change are the expansion of agriculture, burning of fossil fuels, destruction of forests and animal species, depletion of water supplies, and the release of chemicals into the environment.

Earth System History: This element is crucial to documenting past natural changes. Climate information from the past will be very important in distinguishing the relative roles of natural phenomena and human activity in global change. The Earth's geologic record provides a valuable source of information about past changes in climate, ecosystems, and landscapes. The evidence of past major variations in sea level, extent of glacier and sea ice, changes in atmospheric composition, and dramatic changes in ecosystems in the past provide us with important insights into what the future may hold and thus improve the capability of models to predict future climate changes.

Solid Earth Processes: This program includes Earth-science data base management and data availability to the scientific users studying the four key global change questions which focus on interactions between the earth's surface and the atmosphere, hydrosphere, cryosphere, and biosphere are the key elements of this program. Studies include subaerial and submarine effusive and explosive volcanism, including the emission of various radiatively important gases; surficial and near-surface processes that produce changes on the land, in the oceans, and in the atmosphere, such as aeolian erosion, transport, and deposition of sediment and desertification; coastal erosion, resulting from rising sea level; natural or human-induced subsidence; changes in volume of fluvial sediments which are transported in the oceans; and changes in the distribution and volume of glaciers, in response to climate change, and the effect on sea level. Tectonic activity is also included as it relates to such processes as volcanism and near-surface crustal formation.

Question: How does your department/agency propose to coordinate its research efforts under this strategy with the ongoing work of the other federal entities involved in this initiative?

Answer: The Department of the Interior is a member of the Committee on Earth Sciences (CES) of the Federal Coordinating Council for Science, Engineering, and Technology. The purpose of the CES is to increase the overall effectiveness and productivity of Federal R&D efforts directed toward an understanding of the Earth as a global system. Through the Department's activities on the CES, to which I might add that Dallas Peck, Director of the USGS is also Chairman of the CES, the Department is actively involved in the formulation and coordination of Federal efforts to address global change.

In FY 1990, only the USGS is proposing to conduct focused research on global change. However, the Department has recently formed a Working Group on Climate Change that involves all Bureaus of the Department. That Working Group will draw upon program efforts and needs developed by the CES to advise all Bureaus of the Department and assist these Bureaus in the development of programs that will utilize the full resources and expertise available to the Federal community that is housed within the Department of the Interior to address the issue of global change.

CONCLUSION OF HEARINGS

Chairman BYRD. The subcommittee will stand in recess awaiting the call of the Chair.

[Whereupon, at 4:14 p.m., Tuesday, May 2, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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